Supreme Court, U.S.
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No. 04-_____

In The

Supreme Court of the United States

RONALD R. JOHNSON, individually,

Petitioner,

v.

U.S. BANK NATIONAL ASSOCIATION;
OPPENHEIMER WOLFF & DONNELLY, L.L.P.;
and FAEGRE & BENSON, L.L.P.,

Respondents.

On Petition For Writ Of Certiorari
To The United States Court Of Appeals
For The Eighth Circuit

PETITION FOR WRIT OF CERTIORARI

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August 11, 2004

QUESTIONS PRESENTED

1. Whether this court's conclusion in *Hazel-Atlas* that "[t]here are issues of great moment to the public in a patent suit" which * * * "does not concern only private parties" should apply to this fraud on the court case involving U.S. patents and inventions of the appellant/plaintiffs, the Company and its inventor Johnson? Apparently this court's conclusion was based on the Progress of Science Clause of the U.S. Constitution, Article I, Section 8. Neither the district court nor the court of appeals addressed these laws in this matter.

2. Whether, on a pleading for declaratory judgment, the district court and the court of appeals had the duty under this court's *Hazel-Atlas* after-term rule of equity to enjoin the prior federal judgment under the U.S. Constitution Full Faith and Credit Clause on learning from a subsequent state appellate court opinion that the plaintiff Company did not owe any obligation to the respondent Bank; that the Bank (along with counsel, respondent Oppenheimer) had issued a lock change work order on the Company's premises resulting in the wholesale take-over of the Company as a going concern and Company and Johnson's federal intellectual property rights appropriated (including by break-in of the Company's security vault); and subsequent to the prior federal judgment the Bank received proceeds of sales to the public of new shares in the Company seized and renamed? Neither the district court nor the court of appeals addressed contrary state findings and new evidence addressed by the state appellate court which bear on the federal questions in the prior federal actions and exclusive to federal court jurisdiction.

QUESTIONS PRESENTED – Continued

3. Whether the district court and the court of appeals had the duty under this court's opinions in *Hazel-Atlas* (1944) and *Semtek Int'l* (2001) to revisit their prior federal judgments, involving federal questions, which judgments the state appellate court applied to preclude state relief for the Company notwithstanding the contrary and newly discovered facts it found? Instead, the district court, affirmed by the court of appeals, reiterated the Bank's and its counsels' continuing fraud on the court that the Company's federal intellectual property was rightfully appropriated because the corporation owed a Bank debt in default.

4. Whether it was proper for the district court, affirmed by the court of appeals (in a three sentence *per curiam* unpublished opinion), to deny the Company and Johnson relief based on the statutes of limitation when they, within the prescribed time, brought the claim that when the Bank (through its counsel, Oppenheimer) learned as a party to the City of Shorewood's state condemnation Case No. CD 2344 that Johnson had retained respondent Faegre, its competitor Norwest Bank's outside legal counsel, the Bank in effect offered an alleged bribe to Faegre such that Faegre dumped the Company and Johnson (including depriving him of expert legal counsel in Case CD 2344) to represent the Bank? The state condemnation Case CD 2344 is an issue in the adjoining Johnson petition pending before this court. Case 03-1512. The district court, affirmed by the court of appeals, ignored among other things that Case CD 2344 concluded in 2000 and that the Minnesota Board of Professional Responsibility found that Faegre withdrew representation

QUESTIONS PRESENTED – Continued

before it had even completed the first task in the assignment it agreed to. This occurred within the state's six year statute of limitation on contract.

5. Whether the May 13, 2004 recusal of the Honorable James B. Loken, judge of the court of appeals, raised an additional and new question of fact as to why Faegre in late 1994 and early 1995 sat on the Company's request for Rule 60(b) savings clause relief within days after the state appellate courts' decisions? Judge Loken was on the prior court of appeals' opinion and on the opinion giving rise to the adjoining petition. On June 30, 2004 the court of appeals denied Johnson and his Company a hearing on this new fact question.

PARTIES TO THE PROCEEDING

The following individual and entities were parties to the most recent proceedings in the federal courts below:

> Ronald R. Johnson, individually, and DBA Information Exchange Systems, successor in interest to Information Exchange Systems, Inc.,
>
> *Petitioner – Appellant – Plaintiff*
>
> U.S. Bank National Association, f/k/a First Bank National Association; Oppenheimer Wolff & Donnelly, L.L.P.; Faegre & Benson, L.L.P.
>
> *Respondents – Appellees – Defendants*

Information Exchange Systems, successor in interest to Information Exchange Systems, Inc., (collectively, the "Company") is an invention/research company now owned by the petitioner, Ronald Johnson (Johnson), individually the principal inventor. The Company owned the personal trade name and U.S. Mark ("IXI") to identify itself and goods embodying its commercialized versions of Johnson's inventions manufactured and sold by other corporations under Company written license agreements terminable-at-will. 15 U.S.C. § 1055. Goods bearing its U.S. Mark ("IXI") were sold throughout the U.S. and in 21 countries world-wide.

U.S. Bank National Association (Bank) is a huge commercial bank headquartered in Minneapolis, Minnesota, formerly known as First Bank N.A.

Oppenheimer Wolff & Donnelly, L.L.P. (Oppenheimer) is a relatively large law firm who represented itself in the recent court of appeals' action and in the recent district court action. A former principal of Oppenheimer whose

PARTIES TO THE PROCEEDING – Continued

acts gave rise to certain Company claims is now a principal in the relatively large law firm Dorsey & Whitney, L.L.P. (Dorsey) who represented the Bank in the most recent court of appeals' and district court actions below. Oppenheimer formerly represented the Bank in matters initially giving rise to certain claims asserted in district court and in Case CD 2344.

Faegre & Benson, L.L.P. (Faegre) is a relatively large law firm who represented itself in the most recent district court and court of appeals' actions. To represent the Bank, Faegre dumped Johnson as a client in his proposed recent district court action against the Bank and as a client in the state condemnation action, CD 2344, in which the Bank was adverse to Johnson also.

RELATED PENDING U.S. SUPREME COURT PETITION

On or about May 4, 2004 Johnson petitioned this court for a writ of certiorari to the U.S. Court of Appeals for the Eighth Circuit in the proceeding entitled: *Ronald Johnson, et al. v. City of Shorewood, et al.*, Case No. 03-1512. This petition at 13 references the state condemnation proceeding Case CD 2344 and at App. 60 that the Bank was adverse to Johnson. The respondent herein Faegre served as Johnson's expert legal co-counsel in Case CD 2344 but the law firm dumped Johnson as a client shortly prior to the state jury trial after the firm received a solicitation by the Bank for Faegre representation.[1] The dumping occurred in May 1996. Final judgment in Case CD 2344 was entered on January 5, 2000. *Id.* at App. 50.

[1] A Dorsey partner also provided certain specialized services to Johnson in Case No. CD 2344. *Id.* at App. 136.

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PETITION FOR WRIT OF CERTIORARI

Petitioner Ronald Johnson and his Company respectfully pray that a writ of certiorari be issued to review the judgments of the United States Court of Appeals for the Eighth Circuit in this matter.

OPINIONS BELOW

The most recent June 30, 2004 decision of the court of appeals is not reported. App. 4. The court of appeals' May 13, 2004 denial of a hearing and hearing en banc is not reported. App. 3. The *per curiam* unpublished opinion of the court of appeals, App. 1, is not reported.

The district court Report and Recommendation filed Jan. 21, 2003 is not reported. App. 16. The district court's order filed March 31, 2003 is not reported. App. 9. The district court's final order filed May 23, 2003 is reported. 2003 WL 21312675 (D. Minn.). App. 5.

The prior court of appeals' opinion is reported. *Information Exchange Systems, Inc. v. First Bank N.A.*, 994 F.2d 478 (8th Cir. 1993). The prior district court order is reported. *Information Exchange Systems, Inc. v. First Bank N.A.*, Case No. CIV 4-91-902, 1992 WL 494607 (D. Minn. July 23, 1992). Collectively these prior federal cases are referenced herein as "Case No. 91-902".

The adjoining prior state appellate opinion is reported. *Information Exchange Systems, Inc. v. First Bank N.A.*, 1994 WL 534837 (Minn. App. October 4, 1994), *rev. denied* (Minn. November 29, 1994). This state opinion is referenced herein as the "State Case".

JURISDICTION

The district court had original jurisdiction, including under 28 U.S.C. § 1338(a)(b) and 28 U.S.C. § 1738. The court of appeals had original jurisdiction under 28 U.S.C. § 1291.

The district court filed its Report and Recommendation on January 21, 2003. App. 16. The district court adopted it by order filed on March 31, 2003. App. 9. It filed its final order in the case on May 23, 2003. App. 5.

The Court of Appeals for the Eighth Circuit issued its *per curiam* unpublished three sentence opinion on the appeal on April 6, 2004. App. 1. A timely petition for consideration and re-consideration en banc[1] was filed and the petition was denied by order dated May 13, 2004. App. 3. On June 30, 2004 the court of appeals denied Johnson's petition to suspend the rules, recall the mandate, and grant hearing en banc. App. 4.[2]

This court has jurisdiction under 28 U.S.C. §§ 1254(1) and 2106 and Supreme Court Rule 10(a)(b)(c).

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[1] No hearing in the court of appeals was ever conducted in the recent case.

[2] Among the grounds for the motion was the Honorable James Loken's recusal and Eighth Circuit's discord with the adjoining inverse condemnation case where it had granted a hearing on Johnson's pro se petition and published schedules of both oral and non-oral argument dispositions.

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

The Constitution of the United States in Article I, Section 8 prescribes that:

> The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the Common Defense and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States; * * * To promote the Progress of Science and useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries; * * *

Statute 15 U.S.C. §§ 1051, 1055, 1114 – Trademark Act (Lanham Act) as amended.

Statute 35 U. S.C. §§ 1, 256, 271, 281, 285 – Patent Act, and as amended.

The Constitution of the United States in Article IV, Section 1 prescribes that:

> Full Faith and Credit shall be given in each State to the public Acts, Records, and judicial Proceedings of every other State. And the Congress may by general Laws prescribe the Manner in which such Acts, Records and Proceedings shall be proved, and the Effect thereof.

Statute 28 U.S.C. §§ 2201, 2202 – Declaratory Judgments and Further relief.

STATEMENT OF THE CASE

The Company, previously a Delaware corporation, owned the personal U.S. Mark "IXI" on October 16, 1987. App. 30. It owned on February 23, 1988 U.S. letters patents, including U.S. Patent Number: 4,727,509. Certificate excerpt, App. 31.

The Company did not owe any obligation to the Bank. State Case – *Information Exchange Systems, Inc. v. First Bank N.A.*, 1994 WL 534837 (Minn. App. Oct. 4, 1994), *rev. denied* (Minn. Nov. 29, 1994) at 2. Notwithstanding, the Bank issued a lock change work order to change the locks on the Company's premises.[3] *Id.* at 5. As a result, the Company was taken over as a going concern. *Id.*[4] Later, the Bank received approximately $4 million from sales to the public of allocations of new shares in the Company seized, and de facto renamed Rimage Corporation. *Id.*; App. 32 (relevant excerpts). As could be expected, U.S. Mail and wire communications delivered or sent to the Company were converted and responded to including misrepresentations regarding Company ownership. Included were privileged communications from patent and trademark attorneys, inquiries to the Company or Johnson. They, Company customers, and potential customers were told everything was the same except that the Company had "new owners". Goods were sold to the public affixed with the Company's U.S. Mark "IXI". U.S. Patents owned by the Company were appropriated. Johnson inventions awaiting applications for U.S. patents were patented

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[3] The document bears the names of an attorney employed by the Bank and an Oppenheimer attorney, now a Dorsey attorney.

[4] The Company's stakeholders were, in effect, stripped of their shares.

without Johnson's authorization and without naming him the principal inventor. The invention and patent documents were taken from the Company's room size security vault broken into. All its corporate books and records were taken and never returned and the Company was deprived of its legal counsel due to the misrepresentations there were "new owners".

First (Prior) Federal Proceedings

In 1991 the Company sued the Bank in U.S. District Court for the District of Minnesota. *Information Exchange Systems, Inc. v. First Bank N.A.*, Case No. CIV 4-91-902, 1992 WL 494607 (D. Minn. July 23, Aug. 20, 1992), *aff'd*, Case No. 92-3132, 994 F. 2d 478 (8th Cir. May 28, Aug. 5, 1993) (collectively, "Case No. 91-902"). Among other things, the Company alleged that the Company who owed nothing to the Bank was taken over as a going concern; its shareholders stripped of their shares; and its federal intellectual property appropriated by the Bank. The Bank, represented by Oppenheimer, asserted it was not responsible; that it simply assigned to third parties (the "Third Parties")[5] a $4 million debt; was not involved in the takeover of the Company; and acquired no further new knowledge of the Company or its assets[6] allegedly seized or

[5] The City Attorney of the City of Shorewood is a partner in the law firm with whom one of the Third Parties was a partner at the time of the takeover of the Company. The law firm incorporated Rimage Corporation, de facto the Company renamed and stripped of its shareholders.

[6] The Bank and Oppenheimer had prior knowledge of the Company's assets and, specifically, its federal intellectual property from the Bank's long time secured lending relationship with the Company,

(Continued on following page)

appropriated. In making these (mis)representations, the Bank, acting through Oppenheimer, confused the Company's identity represented by its U.S. Mark "IXI" and implied the corporation was responsible for a $4 million unpaid debt to the Bank. As a result of Bank and Oppenheimer misrepresentations to the court, and to the Company, the district court granted the Bank summary judgment on the federal claims and declined jurisdiction over the related state claims. 1992 WL 494607. The court of appeals affirmed. 994 F. 2d 478. Violating a district court discovery order by Magistrate Judge Lebedoff, filed on June 16, 1992, the Bank and Oppenheimer affirmatively concealed from the court and from the Company material facts which would have precluded summary judgment as follows.

New Evidence

After the first district court action concluded, the Bank received approximately $4 million from sales to the public of allocations of new shares in the Company, de facto renamed Rimage Corporation,[7] new facts which Johnson eventually discovered from the Rimage Corporation U.S. Securities & Exchange Commission disclosures dated Sept. 29, 1992 (SEC Disclosures).[8] Excerpts, App. 32. Among other things, these disclosures indicated that the Bank for years prior had asserted an interest in the

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secured loans the Company had faithfully repaid in full and owed nothing to the Bank at the time of the corporate takeover.

[7] Currently a medium size modest capitalization entity, $125 million.

[8] The Bank necessarily would have solicited the proceeds from the sale of shares and provided Bank audit confirmations for the prospectus during the prior federal district court proceeding.

Company's property and that funds had been transferred to and from the Bank through a Detroit, Michigan mortgage firm, named RFI, Inc., undoubtedly to avoid Company and district court discovery, including that ordered by Magistrate Judge Lebedoff.

Prior Relevant State Proceedings

Shortly after the first district court action, the Company filed its state claims in state court which the federal district court declined jurisdiction over. Ultimately, the Minnesota Court of Appeals affirmed dismissal of these state claims in summary judgment for the Bank, represented by Oppenheimer. *Information Exchange Systems, Inc. v. First Bank N.A.*, 1994 WL 534837 (Minn. App. Oct. 4, 1994), *rev. denied* (Minn. Nov. 29, 1994). However, the state appellate court found that the Company owed no obligation to the Bank at the time its assets were seized as a result of a lock change work order issued by the Bank to change the locks on the Company's premises.[9] *Id.* at 2, 5. The state court also referenced the SEC Disclosures dated Sept. 29, 1992. *Id.* Notwithstanding, the state appellate court indicated, *inter alia,* that its hands were tied by the federal court of appeals' opinion and granted the Bank summary judgment based on the alleged collateral estoppel effect of that opinion. *Id.* The Minnesota Supreme Court denied review on November 29, 1994.

[9] The lock change work order bears the name of the Oppenheimer partner, now a Dorsey partner.

New Counsel Faegre (Late 1994-May 1996)

Within days thereafter, the Company through its President and inventor, Johnson, and its shareholder Robert Clifford approached Faegre to, among other things, file an independent Fed. R. Civ. P. 60(b) savings clause action for federal review of state application of the federal judgments in light of the federal questions posed by state appellate court findings and the new SEC Disclosures.[10] Faegre sat on the Company's request; a possible reason became apparent in the court of appeals' May 13, 2004 opinion. The Honorable James B. Loken[11] recused. Apparently Judge Loken was a Faegre attorney prior to his appointment to the Eighth Circuit bench.[12]

After the Company persisted and organized extensive legal materials which Faegre suggested, the Company again approached Faegre and Faegre was retained by Johnson as expert co-counsel in the state condemnation Case CD 2344. App. 62. In conjunction with the engagement, Faegre performed a conflicts check. App. 66-69.

As a party adverse to Johnson in Case CD 2344, the Bank, represented by Oppenheimer, learned that Johnson had retained Faegre, outside expert banking law counsel to Norwest Bank,[13] a principal competitor of the Bank. The

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[10] The Company approached Faegre on referral by counsel and also because the Company had been a Faegre client previously

[11] Judge Loken was on the opinion in Case 91-902 and, also, was on the opinion in the inverse condemnation action addressed in the related petition.

[12] Johnson told the district court he had supervised a James Loken at the time Johnson was a research associate (untenured ass't professor) at the University of Minnesota's Institute of Technology, circa 1960.

[13] Subsequently merged with Wells Fargo Bank.

Bank had no valid claim in Case CD 2344,[14] a claim which Johnson requested the Bank immediately drop and he indicated the Bank was simply attempting to deprive the Company of access to federal court. In response, Oppenheimer sent a threatening Bank letter to Johnson. App. 55. Johnson showed the letter to Faegre, Johnson declined to sign the Bank's proposed settlement agreement, and Faegre subsequently entered into an engagement agreement with the Company. App. 57. Faegre opined the letter demonstrated the Bank was concerned that the Company had valid federal claims.

On or about March 11, 1996 Faegre issued an internal Memorandum of its initial research on the Company's federal claims and Faegre indicated what must be further done so that "we" could file the independent Rule 60(b) action.[15] Relevant excerpts, App. 60. However, in May 1996 Faegre informed Johnson it was dumping both Johnson and the Company as clients adverse to the Bank so Faegre could represent the Bank. In a June 11, 1996 letter Faegre refused to even complete its research task on the Company's federal claims. App. 63. Instead, Faegre referred over other attorneys all of whom indicated that the Company likely had valid federal claims against the Bank, and its counsel Oppenheimer, but on further reflection those proposed new counsel declined representation indicating the case would be bad for business since they routinely receive referrals from the Bank, Oppenheimer, Faegre,

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[14] Indeed, in Case 91-902 Oppenheimer represented to the court the Bank had no current interest in anything connected to Johnson.

[15] Citing *Hazel-Atlas*, this court in *Standard Oil Co. of Cal. v. U.S.*, 429 U.S. 17, 18, 19 (1976) ruled it no longer required appellate leave to file for relief under Rule 60(b).

and from the Bank's likely new counsel Dorsey. They also asserted that these three largest of Minnesota law firms de facto control much federal civil litigation in the Eighth Circuit and Faegre's withdrawal cast a cloud over Johnson's proposed new proceeding.

Second Federal Proceedings

Before the alleged statute of limitations ran, Johnson pro se filed in district court his claims against Faegre, including for breach of contract, along with his Fed. R. Civ. P. 60(b) independent savings clause action against the Bank and Oppenheimer. The law firms represented themselves, and Dorsey, who represented the Bank, de facto represented itself, a relevant principal former Oppenheimer partner was now a Dorsey partner.

In his Amended Complaint Johnson referenced and incorporated the Company's complaint in the prior Case No. 91-902. Among other things, Johnson pled relief for the Company in declaratory judgment, 28 U.S.C. § 2201, based on the state appellate court's findings the Company owed no obligation to the Bank when the Bank and Oppenheimer issued the work order to change the locks on its premises resulting in the corporate takeover, including the appropriation of federal intellectual property, from which the Bank had and received $4 million in financial benefits from the stock offerings to the public of additional shares in the Company, de facto renamed Rimage.[16]

[16] The name Rimage apparently was a metaphor for the operational aspects of the Company's diskette replication technology protected by U.S. Patent No. 4,727,509, etc. App. 31. Many volume producers of personal computer software world-wide used this technology *e.g.*,

(Continued on following page)

During the scheduling conference, respondents told the Magistrate Judge they would immediately bring motions for dismissal on the pleadings. As a result, commencement of discovery was continued. However, respondents then submitted materials which went beyond the pleadings which the court used to grant respondents summary judgment. App. 16 – Report and Recommendation; App. 9 – Order. Among other things, the Report and Recommendation affirmatively reflected the Bank's continued misrepresentation, this time presented by Dorsey, that the Company had owed an unpaid debt to the Bank in stating:

> A. Action on plaintiff's debt. . . .
>
> * * *
>
> C. Trademark Infringement. . . .
>
> * * *
>
> Here, the basis for Plaintiff's claim is the transfer – in February 1987, over fifteen years ago – of the trademark rights that were part of the collateral for the Note.

Bank Memorandum by Dorsey to the district court dated July 16, 2002 at 12, 13. Excerpts, App. 70-74. This affirmative misrepresentation, Dorsey knew was a material misrepresentation, was relied upon and repeated by Magistrate Judge Noel who stated:

> 1. Amended Complaint Count II – Actions Arising Out of Plaintiff's Debt.

IBM, Microsoft. This Company technology, one of many, alone was worth many times more than $4 million.

* * *

3. Amended Complaint Counts V, VI, VII – Trademark Infringement

* * *

. . . that U.S. Bank held a property interest in the trademark and sold it as collateral with the bank note thus causing some type of infringement of the trademark to occur.

Report and Recommendation at 6, 7. App. 16 at App. 23, 24.

The Bank, certainly its counsel Oppenheimer and Dorsey, knew the U.S. Mark "IXI" was personal under the Lanham Act and that record title (App. 30) was in the Company who owed no obligation to the Bank at the time of the corporate takeover. The only reason the "Bank held a property interest in the trademark" was by its unlawful appropriation of it.

The Bank, again acting through Dorsey, made similar misrepresentations to the court of appeals inferring that the Company's assets were encumbered by a Bank debt in default. Bank's appeal brief dated Sept. 24, 2003 at *i*, 8, 9. Not true as they knew.

REASONS FOR GRANTING THE PETITION

I. The U.S. court of appeals ignored the frauds on the court (including by officers of the court) and declined to address the public policy issues set forth in the U.S. Const. Progress of Science Clause and in this Court's opinion in *Hazel-Atlas* thus calling for supervisory intervention by this court.

Here, the complained of conduct was believed far more egregious than this court described egregious in *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U.S. 238 (1944) – case cited later in *Chambers v. NASCO, Inc.*, 501 U.S. 32, 44 (1991).

First, the Bank and its counsel, Oppenheimer, knowing the Company owed no obligation to the Bank executed a work order changing the locks on the Company's premises[17] and, in conjunction therewith, the Company's security vault, containing documentary embodiments and certificates of Johnson's many inventions and the Company's federal intellectual property rights, was broken into and these items along with the rights appropriated. The Company was taken over as a going concern stripping share ownership not pledged to the Bank nor anyone. U.S. Mail and wire communications directed to the Company were converted. The addressors were told the Company was the same except it had "new owners". The senders included Company patent, trademark, and general attorneys who were told to deal with the "new owners" of the Company, not the "old owners". As a result of the break-ins and the misrepresentations, the Company lost its general

[17] Armed security guards posted by the Bank kept Johnson out.

counsel, Leonard, Street & Deinard who withheld Company access to its legal files for years subsequent.[18] And, Johnson's inventions described in documents taken from the Company's vault broken into were patented not naming him the principal inventor he was. The appropriation of those exclusionary Patent Act rights continued to this day to the Bank's continued financial benefit.

Second, in light of the foregoing and confronted by the Company's new legal counsel, the Bank and Oppenheimer embarked on their cover-up frauds which continued to this day joined by Faegre and Dorsey. Among their many material misrepresentations was the Bank simply executed a one time assignment to the Third Parties who foreclosed on the Company and the Bank had no idea of what happened thereafter to the assets allegedly seized or otherwise appropriated.

Third, the Company filed Case No. 91-902 in federal district court based on, among other things, the discovery of a Bank security interest filed in the U.S. Patent and Trademark Office more than a year after the takeover. Counsel for the U.S. National Security Agency told Johnson of the filing on a Johnson invention (owned by the Company), technology used for national security purposes. The Bank and Oppenheimer dismissed the claim as not their doing.

Fourth, in light of the foregoing the Bank, represented by Oppenheimer, then asserted to the Honorable Diana E. Murphy that "IXI" (the Company who owned the personal

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[18] Certainly the law firm would have consulted with the Bank's counsel, Oppenheimer, with whom it had discussions, on behalf of the Company, previously.

U.S. Mark "IXI") owed a debt to the Bank which debt the Bank had assigned to the Third Parties who foreclosed.[19]

Fifth, after telling Judge Murphy these lies and she granted the Bank summary judgment, given the green light the Bank then received approximately $4 million from sales to the public of allocations of new shares in the Company renamed, Rimage. Johnson discovered this from an offering circular promulgated by an investment broker leading to his discovery of the SEC Disclosures dated approximately one month after Judge Murphy's final ruling. The disclosures revealed a long time prior and continued Bank financial interest in the Company's assets seized years prior. Among other things, this explained the Bank's bogus new security interest (in a U.S. patent owned by the Company) filed in the U.S. Patent and Trademark Office over a year after the corporate takeover which the Bank, through its counsel Oppenheimer, denied the Bank had anything to do with.

Sixth, after the state appellate court found the Company owed no obligation to the Bank at the time of what the Bank and Oppenheimer referred to as a rightful foreclosure of debt, the Company sought to enjoin the federal judgments which the state court used to deny the Company relief. Through Oppenheimer the Bank discovered that Johnson had retained its banking business competitor's outside expert legal counsel, Faegre. The Bank offered Faegre legal business (App. 64) and, as a

[19] Previously the Bank, through Oppenheimer, asserted the Third Parties had "strictly" foreclosed. However, the Third Parties were never in possession. The testimony is, employees who Bank security guards allowed to enter never saw either of the Third Parties on the premises on the dates the Bank alleged the "foreclosure" occurred.

result, Faegre was given a self serving reason to dump its clients, Johnson and the Company, even before Faegre completed the initial tasks in its assignments – research the federal claims and act as co-counsel in the state condemnation action, CD 2344, in which the Bank was adverse to Johnson also. Faegre then made a material misrepresentation to the Lawyers Board and sought to hold its former lawyer, Gregory Schaefer responsible who left the firm just prior to dumping Johnson and the Company as clients. App. 66.

Seventh, deprived of their expert legal counsel Johnson and his Company pro se filed the action appealed from here. Again based on the same old Bank misrepresentations made through counsel, this time Dorsey, the district court granted the Bank summary judgment based on those misrepresentations and on new misrepresentations made by Faegre. The district court, while ignoring Johnson's affidavit testimony to the contrary, relied on Mr. Schaefer's affidavit submitted by Faegre despite the allegation, raising an issue of fact, he was Faegre's fall guy. Despite the many unresolved issues of fact which governed, the district court focused on the statutes of limitation which the action was filed within. Moreover, had Faegre performed in late 1994 or early 1995 all of the relevant claims would have been within the statutes alleged. And, had the Bank and Faegre not conspired, unwittingly or otherwise, to deprive the Company of legal representation in May 1996, the statutes of limitation referenced by the district court, affirmed on the same grounds by the court of appeals, would have been met. Finally, the question remains had Faegre continued to be available counsel in Case CD 2344 Johnson might have received takings compensation

rendering the adjoining federal actions and petition unnecessary.

II. This court should make uniform among the courts of appeals' application of the Rule 60(b) savings clause now confused and conflicted among those courts and within the Eighth Circuit itself.

See, for example, the cases Faegre cited. App. 60, 61. *See also Dixon v. C.I.R.*, 316 F. 3d 1041 (9th Cir. 2003) at 1045 n.9; *Greiner v. City of Champlin*, 152 F. 3d 787, 789 (8th Cir. 1998). Here, the Eighth Circuit courts did not respond at all to that prescribed by the Rule, its own case laws, nor *Hazel-Atlas* as asserted by Johnson and the Company. This broke Eighth Circuit precedent in *Harrison v. Springdale Water & Sewer Comm'n*, 780 F.2d 1422 (8th Cir. 1986) which stated:

> * * * , for the court is under a duty to examine the complaint to determine if the allegations provide for relief on any possible theory.

Harrison at 1426. Instead, the district court placed this duty solely on the pro se Company and Johnson.

III. This court should make uniform among the courts of appeals in Rule 60(b) savings clause cases that under this court's decree in *Semtek Int'l* (2001) at 507 the federal courts have the last word as to the preclusive effect accorded a federal judgment by state courts involving federal questions.

This court in *Semtek Int'l, Inc. v. Lockheed Martin Corp.*, 531 U.S. 497 (2001) at 507 stated in relevant part:

> * * * ; but it is equally true that whether a Federal judgment has been given due force and effect in the state court is a Federal question reviewable by this court, which will determine for itself whether such judgment has been given due weight or otherwise. . . .

Here, in this Rule 60(b) action the district court and the court of appeals never ever addressed the federal questions which arose from the state appellate courts' findings the Company owed no obligation to the Bank; the Bank had issued a work order to change the locks on the Company's premises resulting in the corporate takeover; and there existed the SEC Disclosures which came into existence after the district court's decision in Case No. 91-902 evidencing the Bank received approximately $4 million[20] from the sales of new shares in the Company renamed. Ignoring its own findings, the state court in comity applied the alleged preclusive effect of the prior federal judgments in Case No. 91-902. These prior federal judgments were not revisited by the federal district court nor the court of appeals which should have, under the Full Faith and Credit Clause, applied the state findings to enjoin their prior judgments involving the federal questions presented. If not, at a bare minimum the federal courts below should have denied summary judgment posed by the state appellate court's findings, material to fact questions in Patent Act claims exclusive to district court jurisdiction. 28 U.S.C. § 1338(a).

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[20] Apparently there was a secondary public offering in July 1993 with proceeds to the Bank also.

IV. This Court should apply, in this particular case, equitable tolling based on other law which the federal courts below failed to apply.

The United States Congress granted Johnson and the Company specific rights including under the Constitution, Article I, Section 8 (the Progress in Science/ Authors and Inventors Clause). The Company's U.S. Mark and U.S. letters patents were appropriated by the Bank acting through Oppenheimer as were Johnson's other inventions which the Constitution and Congress gave him the exclusionary right to apply for letters patents on. The principal that for every right there should be a remedy is venerable. *See, e.g., Marbury v. Madison,* 5 U.S. 137, 162-63 (1803).

In law other than *Hazel-Atlas*, this court has outlined what makes a claim appropriate or inappropriate for equitable relief:

> Federal courts have typically extended equitable relief only sparingly. We have allowed equitable tolling in situations * * * where the complainant has been induced or tricked by his adversary's misconduct into allowing the filing deadline to pass. We have generally been much less forgiving in receiving late filings where the claimant failed to exercise due diligence in preserving his legal rights.

Irwin v. Dept. of Veterans Affairs, 498 U.S. 89, 96 (1990).

The record here is replete with continued efforts by the Company and Johnson to assert their legal rights which the respondents complained of, in asserting their defensive frauds, there were too many suits. No repose is justified where the judgments procured were induced by

tricks and fraud including fraud on the court. *Hazel-Atlas.* Here, included were officers of the court.

V. Continued claims should be preserved by this court.

The United States granted the Company, among other things, exclusionary letters patent rights for a period of 17 years. According to the SEC Disclosures, after the corporate takeover the Bank wrongfully asserted a security interest in those rights prior to and as of September 29, 1992 and financially profited therefrom. The Company pled that the Bank's financial interests and benefits continued as of April 17, 2002 when the present action commenced. And, respondents' conduct during the action gave rise to other continued claims, *e.g.*, Minn. Stat. § 481.07 providing a civil cause of action for attorney deceit in a legal proceeding.

CONCLUSION

For these reasons, this petition should be granted, particularly in respect for the Progress in Science Clause and the integrity of the federal civil judicial system.

Respectfully submitted,

RONALD R. JOHNSON, *pro se*
Petitioner – Appellant – Plaintiff
P.O. Box 350
Excelsior, MN 55331-0350
Tel: 952-474-8171

United States Court of Appeals
FOR THE EIGHTH CIRCUIT

No. 03-2717

Ronald R. Johnson, doing business as Information Exchange Systems, successor in interest to Information Exchange Systems, Inc.	*	
Appellant,	*	Appeal from the United States District Court for the District of Minnesota.
v.	*	
U.S. Bank N.A., formerly known as First Bank N.A.; Oppenheimer, Wolff & Donnelly, L.L.P.; Faegre & Benson, L.L.P.	*	[UNPUBLISHED]
Appellees.	*	

Submitted: April 1, 2004
Filed: April 6, 2004

Before MORRIS SHEPPARD ARNOLD, FAGG, and SMITH, Circuit Judges.

PER CURIAM.

Ronald Johnson appeals the district court's[1] adverse grant of summary judgment in his action relating to the sale and foreclosure of loans his companies had obtained. Upon de novo review, *see Roeder v. Metro, Ins. & Annuity Co.*, 236 F.3d 433, 436 (8th Cir. 2001), we conclude that the district court properly granted summary judgment to defendants, because Mr. Johnson's claims were either time-barred or without support. We note that Mr. Johnson agreed to the stay of discovery and did not seek a continuance or file an affidavit describing specific facts further discovery would reveal. *See Dulaney v. Carnahan*, 132 F.3d 1234, 1238 (8th Cir. 1997).

Accordingly, we affirm. *See* 8th Cir. R. 47B.

[1] The Honorable John R. Tunheim, United States District Judge for the District of Minnesota, adopting the report and recommendations of the Honorable Franklin L. Noel, United States Magistrate Judge for the District of Minnesota.

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

No. 03-2717

Ronald R. Johnson, etc.,	*	
Appellant,	*	Order Denying Petition for Rehearing and for Rehearing En Banc
v.	*	
U.S. Bank N.A., etc., et al.,	*	
Appellees.	*	

The petition for rehearing en banc is denied. The petition for rehearing by the panel is also denied.

Chief Judge Loken took no part in the consideration or decision of this matter.

(5128-010199)

May 13, 2004

Order Entered at the Direction of the Court:

Clerk, U.S. Court of Appeals, Eighth Circuit

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

No. 03-2717

Ronald R. Johnson, etc.,	*	
Appellant,	*	Appeal from the United States District Court for the District of Minnesota
v.	*	
U.S. Bank, N.A. etc., et al.,	*	
Appellees.	*	

Appellant's motion to suspend the rules and grant hearing en banc and appellant's motion to recall the mandate have been considered by the court and are denied.

June 30, 2004

Order Entered at the Direction of the Court:

/s/ Michael E. Gans

Clerk, U.S. Court of Appeals, Eighth Circuit

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

RONALD R. JOHNSON, individually and DBA INFORMATION EXCHANGE SYSTEMS, successor in interest to INFORMATION EXCHANGE SYSTEMS, INC.,

Plaintiffs,

v.

U.S. BANK N.A. f/k/a First Bank N.A.; OPPENHEIMER, WOLFF & DONNELLY, L.L.P.; and FAEGRE & BENSON, L.L.P.,

Defendants.

Civil No. 02-811 (JRT/FLN)

ORDER

(Filed May 23, 2003)

Ronald R. Johnson, P.O. Box 350, Excelsior, MN 55331, plaintiff *pro se*.

Thomas L. Nuss, DORSEY & WHITNEY LLP, Suite 1500, 50 South Sixth Street, Minneapolis, MN 55402-1498, for defendant U.S. Bank.

Jeffrey J. Bouslog and Andrew Hansen, OPPENHEIMER WOLFF & DONNELLY LLP, 3300 Plaza VII Building, 45 South Seventh Street, Minneapolis, MN 55402, for defendant Oppenheimer Wolff & Donnelly.

James A. O'Neal and Amy R. Freestone, FAEGRE & BENSON LLP, 2200 Wells Fargo Center, 90 South Seventh Street, Minneapolis, MN 55402-3901, for defendant Faegre & Benson.

By Order dated March 31, 2003 ("the Order"), this Court granted each defendant's motion for summary judgment after adopting the Magistrate Judge's Report and Recommendation with respect to those motions. On April 14, 2003, Plaintiffs Ronald Johnson and Information Exchange Systems (collectively "Johnson") filed a twelve-page memorandum of law in support of a motion to vacate the Order. Most of Johnson's arguments in that memorandum are identical to those Johnson made concerning the defendants' motions for summary judgment, and the Court accordingly will treat Johnson's motion to vacate the Order as a request to make a motion to reconsider. "Motions to reconsider are prohibited except by express permission of the Court, which will be granted only upon a showing of compelling circumstances." D. Minn. LR 7.1(g). Although requests to make a motion to reconsider must be made "by letter to the Court of no more than two pages in length," *id.*, the Court nevertheless briefly will address the issues Johnson raises and will deny Johnson's motion for the reasons set forth below.

Johnson's claims against defendants U.S. Bank N.A. ("the Bank") and Oppenheimer Wolff & Donnelly LLP ("Oppenheimer") arise from a third party's seizure of Johnson's assets pursuant to a loan foreclosure in 1987. According to Johnson, the Order perpetuates an erroneous finding from earlier litigation that the seizure of Johnson's assets was legally justified. The Court held in the Order, however, that Johnson's claims against the Bank and Oppenheimer were time barred *even assuming* that the seizure of Johnson's assets was unlawful. The Court noted in the Order that Johnson presented no legal authority or competent evidence justifying the tolling of the applicable statutes of limitations, and Johnson has not rectified that

in his latest motion. The error Johnson describes, if it exists, thus has no bearing on the outcome of this case.

Johnson complains that he lacks evidence to support his claims because he was not permitted to conduct discovery. Contrary to Johnson's suggestion, the denial of pretrial discovery is not a *per se* violation of the Due Process Clause of the federal constitution. *See NLRB v. Interboro Contractors, Inc.*, 432 F.2d 854, 857-58 (2d Cir. 1970) ("It is well-settled that parties to judicial or quasi-judicial proceedings are not entitled to pretrial discovery as a matter of constitutional right.") Here, the Magistrate Judge, as part of a pretrial order, apparently barred discovery pending resolution of the defendants' motions for summary judgment. Johnson did not appeal the Magistrate Judge's order. *See* Fed. R. Civ. P. 72(a) (providing that a party must object to a nondispositive order of a magistrate judge within ten days of the order or forfeit objection). Furthermore, given that Johnson already has litigated issues arising from the 1987 foreclosure in several prior proceedings against the Bank, it is difficult to imagine what additional discovery pertinent to the foreclosure that Johnson could obtain.

Johnson also claims that discovery from defendant Faegre & Benson LLP ("Faegre") would provide support for Johnson's theory that the Bank colluded with Faegre to create a conflict of interest, which then allowed Faegre to cease representing Johnson. Again, as indicated in the Order, Johnson has cited no legal authority holding that such conduct on the part of Faegre is actionable even assuming it occurred, and pretrial discovery from Faegre could serve no legitimate purpose.

The Court has considered all arguments Johnson raises, including Johnson's request to disqualify opposing counsel and to transfer the case, and finds that Johnson has not shown compelling circumstances for reconsidering the Court's Order of March 31, 2003, or an entitlement to any other relief he requests. Therefore, based on the files, records and proceedings herein, **IT IS HEREBY ORDERED** that Plaintiff's motion to vacate the March 31, 2003 Order [Docket No. 52], which the Court will treat as request to file a motion to reconsider, is **DENIED.**

Dated: May 23, 2003
at Minneapolis, Minnesota

/s/ John R. Tunheim
JOHN R. TUNHEIM
United States District Judge

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

RONALD R. JOHNSON, individually and DBA INFORMATION EXCHANGE SYSTEMS, successor in interest to INFORMATION EXCHANGE SYSTEMS, INC., Plaintiffs, v. U.S. BANK N.A. f/k/a First Bank N.A.; OPPENHEIMER, WOLFF & DONNELLY, L.L.P.; and FAEGRE & BENSON, L.L.P., Defendants.	Civil No. 02-811 (JRT/FLN) **ORDER ADOPTING REPORT AND RECOMMENDATION OF MAGISTRATE JUDGE** (Filed 3-31-03)

Ronald R. Johnson, Box 350, Excelsior, MN 55331, plaintiff *pro se*.

Thomas L. Nuss, DORSEY & WHITNEY LLP, Suite 1500, 50 South Sixth Street, Minneapolis, MN 55402-1498, for defendant U.S. Bank.

Jeffrey J. Bouslog and Andrew Hansen, OPPENHEIMER WOLFF & DONNELLY LLP, 3300 Plaza VII Building, 45 South Seventh Street, Minneapolis, MN 55402, for defendant Oppenheimer Wolff & Donnelly.

James A. O'Neal and Amy R. Freestone, FAEGRE & BENSON LLP, 2200 Wells Fargo Center, 90 South Seventh Street, Minneapolis, MN 55402-3901, for defendant Faegre & Benson.

This matter is before the Court on plaintiffs' objections to the Report and Recommendation of United States

Magistrate Judge Franklin L. Noel, dated January 17, 2003. Plaintiffs object to the Magistrate Judge's recommendation that each defendant's motion for summary judgment be granted. The Court has reviewed *de novo* plaintiffs' objections to the Report and Recommendation pursuant to 28 U.S.C. § 636(b)(1)(C) and D. Minn. LR 72.1(c)(2). For the reasons set forth below, the Court overrules plaintiffs' objections and adopts the Report and Recommendation of the Magistrate Judge.

BACKGROUND

Plaintiff Ronald Johnson was a principal stockholder in Information Exchange Systems, Inc. ("IXI"), a predecessor of plaintiff DBA Information Exchange Systems, and in two separate but related corporations, IXI Laboratories ("Labs") and Quix Media ("Quix"). The assets of Labs and Quix secured a loan that predecessors of defendant U.S. Bank (collectively "the Bank") made to Labs in 1984. When Labs later had difficulty meeting its obligations to the Bank, the Bank set a deadline of February 6, 1987, for full repayment of the loan. The loan remained unpaid on February 6, 1987, and the Bank on that date assigned its interest in the collateral securing the loan to third parties, who immediately foreclosed on the collateral and took possession of assets belonging to IXI, Labs and Quix. Defendant Oppenheimer Wolff & Donnelly LLP ("Oppenheimer") represented the Bank during this transaction.

The loan foreclosure spawned a substantial amount of litigation between Johnson's corporations, the Bank, and the third parties who purchased the Bank's interest. IXI's federal claims against the Bank, *inter alia*, for racketeering and infringement of IXI's intellectual property rights

did not survive summary judgment. *Information Exch. Sys., Inc. v. First Bank Nat'l Ass'n*, Nos. CIV. 4-91-902, CIV. 4-92-224, 1992 WL 494607, at * 8 (D. Minn. July 23, 1992), *aff'd*, 994 F.2d 478 (8th Cir. 1993). The federal court dismissed IXI's state law claims against the Bank without prejudice. 1992 WL 494607 at *8. The Minnesota state courts subsequently held that the federal judgment estopped IXI from asserting state law claims for "trespass, conversion, negligence, misrepresentation, and fraud" against the Bank in connection with the loan foreclosure. *Information Exch. Sys., Inc. v. First Bank Nat'l Ass'n*, Nos. C6-94-112, C4-94-612, and C6-94-613, 1994 WL 534837, at *2 (Minn. Ct. App. Oct. 4, 1994) (unpublished opinion). The Minnesota Court of Appeals specifically rejected IXI's argument that new evidence, in the form of stock offering documents, precluded the application of collateral estoppel. *Id.* at *6.

Johnson approached defendant Faegre & Benson LLP ("Faegre") in January 1995 to discuss additional litigation against the Bank. Faegre reviewed Johnson's file but did not agree to represent Johnson at that time. Johnson approached Faegre again for the same reason in 1996. On February 23, 1996, Faegre agreed to research and investigate the prior litigation against the Bank and to advise Johnson concerning any possible remaining claims. Faegre discontinued its representation of Johnson in May 1996 based on a conflict of interest and provided Johnson with a list of other attorneys who might agree to represent him.

Plaintiffs commenced this action against the Bank, Oppenheimer, and Faegre on their own behalf in April 2002. The Amended Complaint alleges that the Bank, individually or in concert with Oppenheimer, illegally converted IXI's assets, infringed IXI's trademarks, made

fraudulent misrepresentations to plaintiffs and to the Court, interfered with various federal and state court proceedings, committed libel or slander against Johnson, and engaged in conduct prohibited under the federal RICO statute, 18 U.S.C. § 1962. The 1987 loan foreclosure and the ensuing litigation, which concluded in 1994, provide the operative facts for those claims. The Amended Complaint also asserts claims against Faegre for breach of contract and for promissory estoppel, alleging that Faegre failed to represent Johnson in these matters as agreed and that Faegre promised other counsel would do so. The Bank and Oppenheimer each moved to dismiss the claims against them or, in the alternative, for summary judgment. Faegre moved for judgment on the pleadings as to all claims against it or, in the alternative, for summary judgment. Because the parties submitted material outside the pleadings for the Court's consideration, the Magistrate Judge treated each of the motions as one for summary judgment. The Magistrate Judge held that the applicable statutes of limitations bar all claims against the Bank and Oppenheimer[1], that the record lacks evidence adequate to support the claims against Faegre, and that summary judgment dismissing all claims against each defendant

[1] In support of their motions, the Bank and Oppenheimer also argued that principles of *res judicata* preclude the relitgation of matters determined in the prior federal and state court proceedings between these parties. Although the Magistrate Judge did not reach that issue, the Court notes that most if not all of the plaintiffs' claims against the Bank and Oppenheimer, including plaintiffs' arguments concerning "new evidence," were raised in prior proceedings and decided adversely to plaintiffs. The Court notes as well that the record contains no evidence that the defendants committed fraud upon the court or otherwise.

was appropriate. Plaintiffs object to the Magistrate Judge's Report and Recommendation in its entirety.

ANALYSIS

The Court agrees with the Magistrate Judge's determination to treat the defendants' motions as motions for summary judgment, and the Court adopts the Magistrate Judge's discussion of the standard of review in motions for summary judgment. Summary judgment is appropriate if no genuine issue of material fact exists and if the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c).

The Court, furthermore, agrees with the Magistrate Judge's conclusion that plaintiffs' claims against the Bank and Oppenheimer are time barred. Even assuming the foreclosure on IXI's assets in 1987 was unlawful, as plaintiffs suggest, plaintiffs were aware of the operative facts underlying the claims in this action no later than 1994. Plaintiffs commenced this action in 2002, which is beyond Minnesota's two-year statute of limitations for intentional tort claims, Minn. Stat. § 541.07, subd. 1, the four-year statute of limitations for federal civil RICO actions, *Klehr v. A. O. Smith Corp.*, 87 F.3d 231, 238 (8th Cir. 1996), the four-year delay sufficient to apply laches to a trademark infringement claim, *Hubbard Feeds, Inc. v. Animal Feed Supplement, Inc.*, 182 F.3d 598, 602 n.5 (8th Cir. 1999), and Minnesota's general six-year statute of limitations, Minn. Stat. § 541.05. Plaintiffs argue that these limitations periods should run from May 1996, when plaintiffs believe the defendants colluded to prevent Faegre from bringing this action, and that the statutes of limitations otherwise are subject to tolling. Plaintiffs have

offered nothing more than their own speculation to support their collusion theory, however, and plaintiffs have cited no legal authority or competent evidence justifying the tolling of any statute of limitations.

The Court, finally, agrees with the Magistrate Judge that the record does not support plaintiffs' claims for breach of contract and promissory estoppel against Faegre. Faegre agreed to provide legal research and advice to Johnson on potential claims against the Bank, which Faegre did. If Faegre agreed to represent Johnson in litigating such claims, as Johnson asserts, that representation concluded definitively and properly in May 1996, when Faegre determined it had a conflict of interest. Plaintiffs cite no authority standing for the proposition that a lawyer who ceases representation of a client based on an ethical obligation thereby breaches a contract with that client. Plaintiffs also cite no evidence that Faegre made a specific promise to plaintiffs concerning representation by other counsel, and plaintiffs cite no evidence that they relied to their detriment on any promise Faegre may have made, which is an element of promissory estoppel under Minnesota law. *Martens v. Minn. Mining & Mfg. Co.*, 616 N.W.2d 732, 746 (Minn. 2000).

ORDER

Based on the files, records and proceedings herein, the Court **OVERRULES** plaintiffs' objections [Docket No. 43] and **ADOPTS** the Magistrate Judge's Report and Recommendation [Docket No. 39]. Accordingly, **IT IS HEREBY ORDERED** that:

1. Defendant Oppenheimer Wolff and Donnelly's Motion to Dismiss or, Alternatively, for Summary Judgment [Docket No. 17] is **GRANTED.**

2. Defendant Faegre & Benson's Motion for Judgment on the Pleadings or for Summary Judgment [Docket No. 20] is **GRANTED.**

3. Defendant U.S. Bank's Motion to Dismiss or, in the Alternative, for Summary Judgment [Docket No. 23] is **GRANTED.**

4. Plaintiffs' complaint is **DISMISSED, with prejudice.**

LET JUDGMENT BE ENTERED ACCORDINGLY.

Dated: March 31, 2003
at Minneapolis, Minnesota /s/ John R. Tunheim
JOHN R. TUNHEIM
United States District
Judge

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Ronald R. Johnson, individually and DBA Information Exchange Systems, successor in interest to Information Exchange Systems, Inc.,

Plaintiff,

v.

US Bank N.A. f/k/a First Bank, N.A.; Oppenheimer, Wolff & Donnelly, L.L.P.; and Faegre & Benson, L.L.P.

Defendants.

Civil No.
02-811 JRT/FLN

REPORT AND RECOMMENDATION

(Filed Jan. 21, 2003)

Ronald R. Johnson, appears *Pro Se*.
Michael A. Pysno, Esq., Dorsey & Whitney, for Defendant US Bank.
Jeffrey J. Bouslog, Esq. and Andrew S. Hansen, Esq., Oppenheimer, Wolff & Donnelly, for Defendant Oppenheimer, Wolff & Donnelly.
James A. O'Neal, Esq. and Amy R. Freestone, Esq., Faegre & Benson, for Defendant Faegre & Benson.

THIS MATTER came for a hearing before the undersigned United States Magistrate Judge on November 15, 2002, on Defendants' pretrial motions as follows: 1) Defendant Oppenheimer, Wolff & Donnelly's Motion to Dismiss, or Alternatively, for Summary Judgment [#17]; 2) Faegre & Benson's Motion for Judgment on the Pleadings, or for Summary Judgment [#20]; and 3) Motion by Defendant US Bank to Dismiss, or in the Alternative, for Summary Judgment [#23].

This matter has been referred to the undersigned for a Report and Recommendation pursuant to 28 U.S.C. § 636 and Local Rule 72.1(c). For the reasons which follow, the Court recommends that 1) Defendant Oppenheimer, Wolff & Donnelly's Motion to Dismiss, or Alternatively, for Summary Judgment [#17] be granted; 2) Faegre & Benson's Motion for Judgment on the Pleadings, or for Summary Judgment [#20] be granted; and 3) Motion by Defendant US Bank to Dismiss, or in the Alternative, for Summary Judgment [#23] be granted.

I. BACKGROUND

Plaintiff, Ronald Johnson ("Plaintiff") commenced this action in April, 2002. He asserts claims arising out of events occurring in 1987 that relate to the sale and foreclosure of loans that Plaintiff's companies owed Defendant, First Bank, now U.S. Bank (hereinafter "U.S. Bank"). In 1986 Plaintiff's corporations were unable to make payments on a line of credit they had with U.S. Bank. In February 1987, U.S. Bank sold the Note for the debt, along with the security interests, to third parties. The third parties then foreclosed on the Note and seized the assets pledged as security. *See Information Exchange Systems, Inc. v. First Bank National Association*, 994 F.2d 478 (8th Cir. 1993) ("Case 91-CV-902"). Between 1989 and 1993, Plaintiff and three corporations he owned or controlled commenced nine lawsuits in Minnesota state courts and Federal District Court alleging that U.S. Bank's sale of the Note to third parties and that third parties' seizure and use of the collateral for the Note were illegal in various respects and damaged the Plaintiff. Violations alleged in the previous lawsuits include: antitrust laws,

Bank Holding Company Act, RICO, trademark, copyright and patent infringement, along with the state law claims for misappropriation of trade secrets, breach of contract, trespass, breach of fiduciary duty, fraud, fraudulent concealment, interference with contractual relationships, interference with prospective advantage, conversion, and Minnesota antitrust and deceptive trade practices statutes, negligence and breach of good faith. This Court granted summary judgment over the federal law claims and declined to exercise jurisdiction over the state law claims in the 1993 case. *See Id.* at 486. Summary judgment was granted against the Plaintiff in the state law matters as well. *See Information Exchange Systems, Inc. v. First Bank National Association*, No. 93-877 (Henn. Cty. 1993); *Quix Media Shops & Depots, Inc. v. First Bank National Association*, No. 92-177338 (Henn. Cty. 1992); *IXI Labs v. First Bank National Association*, No. 92-17337 (Henn. Cty. 1992) ("1992-93 State Actions"); and *Information Exchange Systems, Inc. v. First Bank National Association*, 1994 WL 534837 (Minn. Ct. App. 1994) ("1994 State Appeal"). In 1993 a handwritten complaint, filed in state court by Plaintiff asserting claims of conversion, misrepresentation, trespass, and negligence, was dismissed without prejudice for insufficient service of process. *See Johnson v. First Bank National Association*, No. 93-2957 (Henn. Cty. 1993). In connection with this prior litigation, Oppenheimer represented U.S. Bank.

In January 1995, after eight years of litigation with U.S. Bank, Plaintiff and his son-in-law, Robert Clifford, sought the advice of Defendant, Faegre & Benson ("Faegre"). At Plaintiff's request, Faegre reviewed the past litigation without opening a file. Faegre advised Plaintiff that any potential new actions would likely be

barred by *res judicata*. *See Aff. of Gregory Schaefer*, ¶¶ 3-4, 7. Faegre never billed the Plaintiff for this advice. In February 1996, Plaintiff asked Faegre to revisit the Bank matter in light of new evidence he provided. At this time an engagement letter was entered into whereby Plaintiff agreed to pay Faegre its normal rates for its evaluation of the proposed new action. *See Id.* ¶¶10-12. In April and May of 1996, Faegre provided Plaintiff with analysis of the proposed claims and informed Plaintiff that it was not interested in pursuing any such claims on behalf of Plaintiff. Faegre provided a list of Minneapolis attorneys from whom Plaintiff could seek further assistance.

In the present action, Plaintiff appears to reassert claims that were previously rejected by both the state and federal courts.

II. CONCLUSIONS OF LAW

A. Standard of Review

Federal Rule of Civil Procedure 12(b)(6) provides that when matters outside the pleadings are presented and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56. The Eighth Circuit has interpreted the phrase "matters outside the pleadings" to include "any written or oral evidence in support of or in opposition to the pleading that provides some substantiation for and does not merely reiterate what is said in the pleadings." *Gibb v. Scott*, 958 F.2d 814, 816 (8th Cir. 1992) (citation omitted). Because the Defendants rely on declarations and statements submitted along with their

motions, the Court will treat the motions as ones for summary judgment.

The Supreme Court has held that summary judgment is to be used as a tool to isolate and dispose of claims or defenses that are either factually unsupported or based on undisputed facts. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323-24 (1986); *Hegg v. U.S.*, 817 F.2d 1328, 1331 (8th Cir. 1987); *Fisher v. Pharmacia & Upjohn*, 225 F.3d 915, 919 (8th Cir. 2000). Federal Rule of Civil Procedure 56(c) provides, in relevant part, that summary judgment shall be rendered "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 251-52 (1986) (holding that the Court must decide "whether the evidence presents a sufficient disagreement to require submission to a jury or whether it is so one-sided that one party must prevail as a matter of law"). When considering a motion for summary judgment, a court should construe all evidence in favor of the non-moving party. *See Anderson*, 477 U.S. at 255. However, if the evidence submitted by the non-moving party is merely colorable or is not significantly probative, summary judgment may be granted. *Id.* at 249-50.

The party opposing summary judgment may not rest upon the allegations set forth in its pleadings, but must produce significant probative evidence demonstrating a genuine issue for trial. *Id.* at 248-49. "The mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that

there be no genuine issue of material fact." *Id.* at 247-48. If the opposing party fails to carry that burden, summary judgment should be granted. *See Celotex*, 477 U.S. at 322; *Bassett v. City of Minneapolis*, 211 F.3d 1097, 1099 (8th Cir. 2000).

B. Summary Judgment should be granted for Defendant's Oppenheimer, Wolff & Donnelly and U.S. Bank.

Defendants Oppenheimer and U.S. Bank contend that Plaintiff's complaint fails to state a claim upon which relief can be granted, and that Plaintiff's claims are barred by the statute of limitations, attorney immunity, and collateral estoppel. Oppenheimer and U.S. Bank seek summary judgment as to all counts in which they are named.[1] Specifically, Defendant Oppenheimer argues that Plaintiff did not initiate this action until April 17, 2002, nine years after the first case related to this matter was completed and all claims fall well outside any potentially applicable statute of limitations periods. Defendant U.S. Bank also seeks summary judgement based on *res judicata*. This Court need only address Defendants' statute of limitations contention.

Minnesota Statute 541.05, subd. 1 provides:

> "Except where the Uniform Commercial Code otherwise prescribes, the following actions shall be commenced within six years:

[1] Counts II-IX; XI-XVIII.

(1) Upon a contract or other obligation, express or implied, as to which no other limitation is expressly prescribed;

(2) Upon a liability created by statute, other than those arising upon a penalty or forfeiture or where a shorter period is provided by section 541.07;

(3) For a trespass upon real estate;

(4) For taking, detaining, or injuring personal property, including actions for the specific recovery thereof;

(5) For criminal conversation, or for any other injury to the person or rights of another, not arising on contract, and not hereinafter enumerated;

(6) For relief on the ground of fraud, in which case the cause of action shall not be deemed to have accrued until the discovery by the aggrieved party of the facts constituting the fraud;

(7) To enforce a trust or compel a trustee to account, where the trustee has neglected to discharge the trust, or claims to have fully performed it, or has repudiated the trust relation;

(8) Against sureties upon the official bond of any public officer, whether of the state or of any county, town, school district, or a municipality therein; in which case the limitation shall not begin to run until the term of such officer for which the bond was given shall have expired;

(9) For damages caused by a dam, used for commercial purposes; or

(10) For assault, battery, false imprisonment, or other tort, resulting in personal injury, if the conduct that gives rise to the cause of action also constitutes domestic abuse as defined in section 518B.01."

1. Amended Complaint Count II – Actions Arising Out of Plaintiff's Debt

The statue of limitations pursuant to Minnesota Statute § 541.05, subd. 1(1) applies to actions on instruments involving contracts or financial notes, such as indicated in this case. The Supreme Court of Minnesota in *Anderson v. Anderson* implicitly recognized that the six-year statute of limitations is applicable to derivative breach of fiduciary duty claims. *See Anderson v. Anderson*, 197 N.W.2d 720, 726 (1972). Plaintiff's claims regarding the sale of the Note all arise from events that began in February 1987, over fifteen years ago. Accordingly, Count II of Plaintiff's Complaint is time-barred.

2. Amended Complaint Counts III, IV, and V – Conversion of Assets

Plaintiff's claim is that U.S. Bank entered into transactions with third parties in February 1987 that involved the conversion of his assets. *See Buller v. A.O. Smith Harvestore Prods.*, 518 N.W.2d 537, 542 (Minn.1994). Once the plaintiff has notice of a potential cause of action for fraud, he or she must investigate with reasonable diligence. *Id.* Here, Minnesota Statute §§ 541.05, subd. 1(4) applies. The Plaintiff's claims for conversion accrued when the action allegedly occurred, in 1987. Therefore, Plaintiff's conversion claims are time-barred.

3. Amended Complaint Counts V, VI, VII – Trademark Infringement

In the Complaint, Plaintiff's claims regarding U.S. Trademark "IXI" are unclear. It appears Plaintiff alleges that U.S. Bank held a property interest in the trademark and sold it as collateral with the bank note thus causing some type of an infringement of the trademark to occur. In evaluating the likelihood of success on the merits of a trademark infringement claim, the equitable defense of laches is applicable to an action to enforce an incontestable trademark. *See Hubbard Feeds, Inc. v. Animal Feed Supplement, Inc.*, 182 F.3d 598 (8th Cir. 1999). Laches applies when a claimant inexcusably delays in asserting its claim and thereby duly prejudices the party against whom the claim ultimately is asserted. *See*, *Elvis Presley Enters. v. Capece*, 141 F.3d 188, 205 (5th Cir.1998). Plaintiff was obviously aware of any conduct he considered infringing in light of his claims to this Court over eleven years ago. He failed to succeed then and did not object on infringement grounds further until this action. Plaintiff does not posit any plausible excuse for his delay therefore this claim is time-barred as well.

4. Amended Complaint Counts VIII, IX, XI, XII, XIII, XIV, and XV – Fraud Based Claims

Under Minnesota Statute §§ 541.05, subd. 1(6) the six year limitations period applies to these claims by Plaintiff that are related to alleged statements or representations. *See Helleloid v. Independent School Dist. No. 361*, 149 F.Supp.2d 863 (D.Minn. 2001). The accrual of a cause of action in fraud based claims is measured from the date the fraud is discovered. *Id.* The fraud based claims have been brought in various earlier suits. The alleged underlying

fraud was discovered in 1987, well beyond the six year statute of limitations. Accordingly these claims are time-barred.

5. Amended Complaint Count XVI – Libel or Slander (Defamation)

While Plaintiff labels this claim in his Complaint as libel or slander, the description used is likened to the other fraud claims. The Complaint is remiss in alleging dates of publication of the defamation, therefore making the claim incomplete. In order to survive a review for viability within the statute of limitations, the alleged defamation would have to occur two years prior to this action being filed. *See* Minn. Stat. 541.07 subd. 1. If the party with the burden of proof at trial is unable to present evidence to establish an essential element of that party's claim, summary judgment on the claim is appropriate because a complete failure of proof concerning an essential element of the nonmoving party's case necessarily renders all other facts immaterial. *See* Fed. Rules of Civ.Proc. 56; *St. Jude Medical, Inc. v. Lifecare Intern., Inc.*, 250 F.3d 587 (8th Cir. 2001). As it appears all the claims in the Amended Complaint are inter-related, and no evidence exist of any other matter to attribute a different date base, this claim too is time-barred.

6. Amended Complaint Count XVII – Civil Rico

Plaintiff asserts that Defendant U.S. Bank and Defendant Oppenheimer maintained a Racketeer Influenced Corrupt Organization in violation of 18 U.S.C. § 1962 (RICO Act). In actions under RICO the statute of

limitations begins to run "as soon as the plaintiff discovers, or reasonably should have discovered, both the existence and source of his injury and that the injury is part of a pattern." *See Klehr v. A.O. Smith Corp.*, 87 F.3d 231 (8th Cir. 1996). Following this standard, Civil RICO claims are governed by a four year statute of limitations. *Id.* It is clear that Plaintiff contends that the conduct which constitutes the RICO violations is the same conduct complained of in his previous lawsuits. The last lawsuit ended in October 1994. Any discovery of the injury from this pattern of activities must have occurred over seven years before the instant lawsuit was commenced. As this is well beyond the four years allowed by statute, this claim is also time-barred.

6. Amended Complaint Count XVIII – Punitive Damages

Plaintiff seeks punitive damages for the alleged injuries in this case. Pursuant to Minnesota Statute § 549.191, punitive damages can not be brought in the initial pleadings. Plaintiff would need to obtain leave of the court to add a punitive damages claim. Plaintiff filed a claim for punitive damages in his Complaint and failed to seek leave of the Court to add a punitive damages claim, therefore, is must be dismissed as plead against all Defendants.

C. Summary Judgment Should be Granted for Defendant Faegre & Benson

Defendant Faegre & Benson seeks summary judgment on the grounds that all counts of Plaintiff's Amended Complaint are improperly plead, have no basis in fact, and

lack proof regarding the essential elements. Plaintiff asserts four counts against Defendant Faegre & Benson including: Breach of Contract, Promissory Estoppel, Libel or Slander, and Punitive Damages.[2]

1. Amended Complaint Count I Breach of Contract

Although unclear, it appears Plaintiff's assertions of Breach of Contract against Defendant Faegre & Benson arise from a February 23, 1996, engagement letter that set out the fees that would be charged for the Defendant to evaluate the prospects for Plaintiff's proposed claims. In April 1996, Defendant Faegre & Benson provided that analysis of these proposed claims and informed Plaintiff it was not interested in pursuing them.

Plaintiff did not allege all of the elements of a breach of contract claim in his Amended Complaint. To make a submissible case for a breach-of-contract, a party must allege and prove that there was a contract and that its terms were breached. *See Healy v. Carlson Travel Network Association, Inc*, 227 F.Supp.2d 1080 (D. Minn.2002). When the party with the burden of proof at trial is unable to present evidence to establish an essential element of that party's claim, summary judgment on the claim is appropriate. *See* Fed. Rules Civ.Proc. 56; *see also, St. Jude Medical, Inc.*, 250 F.3d at 589-91. Plaintiff failed to provide any evidence that there was a contract between the

---

[2] Counts I, X, XVI and XVIII. To the extent Counts XVI and XVIII name Faegre & Benson, they should be dismissed. Although Faegre is named in both Counts XVI and XVIII, neither count alleges that Faegre did anything.

parties that required Defendant Faegre to litigate Plaintiff's claims. In response to Faegre's motion, Plaintiff has provided only the February 23, 1996, engagement letter. That letter clearly delineates what Defendant Faegre & Benson promised to do for the Plaintiff. *See* Plaintiff's Exh. B, ¶¶ 2 & 3. At no time does Defendant Faegre & Benson agree to represent Plaintiff. The Defendant merely promised to evaluate any potential claims that might be asserted and to advise Plaintiff regarding them. *Id.* This letter does not purport to be a contract for representation in litigation.

Construing all the evidence in favor of the Plaintiff, this Court concludes that there was no contract for representation in litigation between the two parties. Without a contract, a breach of contract claim does not exist. Accordingly, Count I of the Complaint should be dismissed.

2. Amended Complaint Count X on Promissory Estoppel

Plaintiff's claim for promissory estoppel asserts that Defendant Faegre & Benson referred him to other firms knowing that other firms would not litigate his case. To establish the elements of a viable promissory estoppel cause of action Plaintiff must show: 1) there was a clear and definite promise; 2) the promisor intended to induce reliance upon the promise; and 3) the promise must be enforced to prevent injustice. *See Martens v. Minnesota Mining & Mfr. Co.*, 616 N.W.2d 732 (Minn. 2000). There are no facts pled in the Complaint that establish any of the elements for a prima facie showing of promissory estoppel. There is no allegation of a promise that should be enforced, or that the Plaintiff relied on any sort of promise to

his detriment. Consequently, Count X of the Amended Complaint should be dismissed.

III. RECOMMENDATION

Based upon the files, records, and proceedings herein, **IT IS HEREBY RECOMMENDED** that:

1. Defendant Oppenheimer, Wolff & Donnelly's Motion to Dismiss, or Alternatively, for Summary Judgment [#17] be **GRANTED**;

2. Faegre & Benson's Motion for Judgment on the Pleadings, or for Summary Judgment [#20] be **GRANTED**; and

3. Motion by Defendant U.S. Bank to Dismiss, or in the Alternative, for Summary Judgment [#23] be **GRANTED**.

DATED: Jan. 17, 2003. /s/ Franklin L. Noel
FRANKLIN L. NOEL
United States Magistrate Judge

Pursuant to Local Rule 72.1(c)(2), any party may object to this report and recommendation by filing with the Clerk of Court and serving all parties, within ten days after being served with a copy thereof, written objections which specifically identify the portions of the proposed findings, recommendations or report to which objection is being made, and a brief in support thereof. A party may respond to the objecting party's brief within ten days after service thereof. All briefs filed under this rule shall be limited to ten pages. A judge shall make a de novo determination of those portions to which objection is made.

Int. Cls.: 7 and 9

Prior U.S. Cls.: 23, 26 and 38

United States Patent and Trademark Office

Reg. No. 1,295,700
Registered Sep. 18. 1984

TRADEMARK
Principal Register

IXI

App. 30

Information Exchange Systems, Inc. (Delaware corporation)
Park Station, P.O. Box 26344
Minneapolis, Minn. 55426

For: AUTOMATIC LOADING, CONVEYING AND SORTING MACHINES FOR MAGNETIC RECORDING DISKS, in CLASS 7 (U.S. Cl. 23).

First use Jul. 29, 1981; in commerce Jul. 29, 1981.

For: PROCESS AND TEST INSTRUMENTATION AND APPARATUS FOR BLANK AND PRERECORDED MAGNETIC RECORDING MEDIA—NAMELY, DISKETTE CERTIFYING AND SORTING UNITS, LIGHT TRANSMISSION TESTERS FOR TESTING PIGMENTATION OF DISKS, DISKETTE FORMATTING AND DUPLICATING UNITS, DISKETTE WEAR TESTERS; MAGNETIC MEDIA DEMAGNETIZERS AND DISK DRIVE TESTERS, in CLASS 9 (U.S. Cls. 26 and 38).

First use Oct. 26, 1977; in commerce Oct. 26, 1977.

Owner of U.S. Reg. Nos. 921,109 and 1,066,440.

Ser. No. 393,870, filed Sep. 29, 1982.

SCOTT GREENBERG, Examining Attorney

REGISTERED FOR A TERM OF 20 YEARS FROM Sept. 18, 1984

ATTEST

OCT 16 1987

ATTESTING OFFICER

Certified to be a true copy of the registration issued by the United States Patent & Trademark Office, which registration is in full force and effect. Record title is in Registrant

COMMISSIONER OF PATENTS AND TRADEMARKS

Ex A 40

United States Patent [19]

Johnson et al.

[11] Patent Number: 4,727,509

[45] Date of Patent: Feb. 23, 1988

[54] MASTER/SLAVE SYSTEM FOR REPLICATING/FORMATTING FLEXIBLE MAGNETIC DISKETTES

[75] Inventors: Ronald R. Johnson, Shorewood; Robert J. Kirscht, Hopkins; David C. Burns, Long Lake, all of Minn.

[73] Assignee: Information Exchange Systems, Inc., Shorewood, Minn.

[21] Appl. No.: 625,781

[22] Filed: Jun. 28, 1984

[51] Int. Cl.[4] G06F 13/00; G06F 11/00; G11B 5/86

[52] U.S. Cl. 364/900; 360/15; 360/73

[58] Field of Search ... 364/200 MS File, 900 MS File, 364/468; 360/15, 51, 7, 73, 48

[56] References Cited

U.S. PATENT DOCUMENTS

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4,541,019	9/1985	Precourt	360/15
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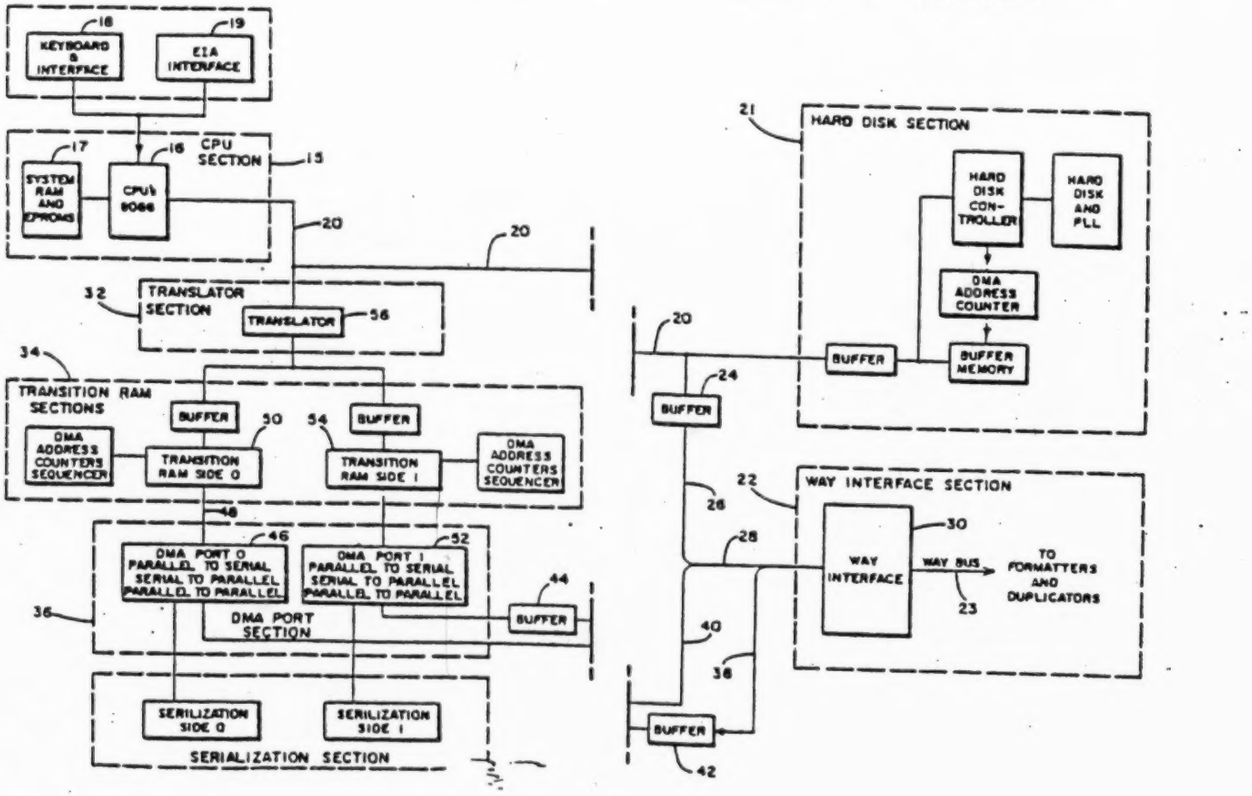
Primary Examiner—Raulfe B. Zache
Assistant Examiner—William G. Niessen
Attorney, Agent, or Firm—Orrin M. Haugen; Thomas J. Nikolai

[57] ABSTRACT

A system for facilitating the mass duplication of flexible diskettes of the type used to store programs and related data for use with word processors, computer systems, etc. A microprocessor-controlled base station, including a Kopy Module and two associated manual modules, is coupled by means of a daisy-chained bidirectional data Way to a plurality of slave stations. The Kopy Module may be used to store a plurality of possible diskette formats as well as operator-introduced copy and duplicating instructions. Blank diskettes are fed into the slaves and the blank diskettes are formatted in accordance with information supplied by the master. An especially designed translator contained within the Kopy Module allows diskettes bearing all of the commonly used data encoding techniques to be replicated. In another mode of operation, diskettes with unknown formats are analyzed, deciphered and stored for later use.

10 Claims, 46 Drawing Figures



App. 31

ExB 41

As filed with the Securities and Exchange Commission on September 29, 1992
Registration No. 33-53553

U.S. SECURITIES AND EXCHANGE COMMISSION

Chicago, Illinois 60661

FORM SB-2

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

BEST AVAILABLE COPY

EXECUTED 92 23 8521

RIMAGE CORPORATION

(Name of small business issuer in its charter)

Minnesota	3998	41-1577970
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

7725 Washington Avenue South
Minneapolis, Minnesota 55439
Telephone: (612) 944-8144

(Address and telephone number of registrant's principal executive offices and principal place of business)

RECD S.E.C.
SEP 29 1992
1086

David H. McCaffrey, President
Rimage Corporation
7725 Washington Avenue South
Minneapolis, Minnesota 55439
Telephone: (612) 944-8144

(Name, address and telephone number of agent for service)

Copies of communications to:

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Minneapolis, MN 55402
Telephone: (612) 347-7153

PROCESSED BY
OCT 2 1992
DISCLOSURE INCORPORATED

Approximate date of commencement of proposed sale to the public: As soon as practicable after the Registration Statement becomes effective.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Unit (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock, $.01 par value	770,000 shares	$5.00 (1)	$3,850,000 (1)	$1,203.13
Underwriter's warrant (2)	67,000 warrants	$.001	$50	$.02
Common Stock underlying Underwriter's warrant	67,000 shares	$6.00	$402,000	$125.63
TOTAL			$4,252,050	$1,328.78

(1) Estimated solely for purposes of calculating the registration fee.

(2) To be sold to the Underwriter at the Closing.

Ex. E.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

App. 32

* * *

PROSPECTUS SUMMARY

The following information is qualified in its entirety by the more detailed information and combined financial statements of Rimáge Corporation ("Rimáge") and Media Systems Technology, Inc. ("MST"), including the notes thereto, appearing elsewhere in this Prospectus. The information in this Prospectus gives retroactive effect to a 2.85-for-1 stock split of the Common Stock of Rimáge effected as a stock dividend in September 1992.

The Company

Rimáge designs, manufactures and sells computer diskette duplication and finishing systems and computer diskette publishing systems. Diskettes, also called floppy disks, are the data storage media used in microcomputers – commonly called personal computers ("PCs"), intelligent terminals, small business computers, work stations and word processors. Rimáge sells diskette duplication and finishing equipment to computer hardware manufacturers, computer software publishers and developers, and service bureaus that provide diskette duplication as a service. It also sells diskette publishing equipment to banks, insurance companies and other companies that distribute by diskette data such as invoices, statements and other information that is unique to each customer.

Rimáge offers four models of diskette duplication equipment which it markets as the "Imager Series 9000" line of products. The four models cover diskette duplication requirements from relatively low volume duplication to high volume duplication with automated diskette finishing capabilities. The Imager Series of products is

designed to allow a user to expand from an entry level system to a fully automated system as its needs change. The Imager Series duplication systems are composed of a controller, which directs the duplication process, and an autoloader, which automatically loads, formats and duplicates diskettes. As part of the duplication process, the Imager system tests each diskette for compliance with stringent quality standards and automatically rejects diskettes which fail the test. Rimáge believes it is currently the second largest manufacturer of diskette duplication equipment in the world.

The Rimáge line of diskette duplication equipment is complemented by diskette finishing products that print and apply labels to diskettes, place diskettes in protective sleeves, collate diskettes into multiple diskette sets, erase or demagnetize diskettes and tape media, certify the efficacy of blank diskettes, and duplicate tape media. Rimáge is also conducting research with respect to other potential products that could use its microcomputer technology, such as digitized document scanning systems, automated off-site data back-up for PCs and PC networks, and PC-based systems for control and tracking of orders.

The Offering

Common Stock Offered	670,000 shares[1]
Common Stock Outstanding:	
Before the Offering	630,000 shares[2]
After the Offering	1,300,000 shares[1X2]
Use of Proceeds	To repay bank debt and stockholder debt and provide additional working capital. See "Use of Proceeds."
Proposed NASDAQ Symbol	RIMG

* * *

Rimáge commenced operations in 1987 after acquiring the assets of a company which manufactured and sold diskette related equipment. In August 1988, Ronald R. Fletcher and Richard F. McNamara, the principal stockholders of Rimáge, acquired a majority of the common stock of Media Systems Technology, Inc. ("MST"), a California-based manufacturer of diskette duplication equipment and moved its operations to Minnesota. In September 1992, MST became a majority-owned subsidiary of Rimáge when Messrs. Fletcher and McNamara transferred their MST common stock to Rimáge as a contribution to capital. See Certain Transactions." MST has been operated in conjunction with Rimáge, providing

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[1] Does not include the Underwriter's over-allotment option to purchase up to 100,000 shares of Common Stock. See "Underwriting."

[2] Does not include (i) 250,000 shares of Common Stock reserved for issuance under the Rimáge Corporation 1992 Stock Option Plan (of which 125,000 shares were subject to outstanding options), or (ii) 67,000 shares which may be purchased upon the exercise of warrants to be granted to the Underwriter in connection with this offering. See "Management – Stock Options" and "Underwriting."

certain intercompany repair and maintenance services. The financial statements appearing elsewhere in this Prospectus are the combined financial statements of Rimage and MST. Unless otherwise required by the context, all references herein to the "Company" include the combined operations of Rimage and MST.

Rimage Corporation was incorporated under the laws of the State of Minnesota in February 1987. The Company's principal office is located at 7725 Washington Avenue South, Minneapolis, Minnesota 55439. Its telephone number is (612) 944-8144.

RISK FACTORS

An investment in the Shares offered hereby involves a high degree of risk and is not an appropriate investment for persons who cannot afford the loss of their entire investment. Prospective investors should be aware of the following risk factors and should review carefully the financial and other information provided by the Company.

Capital Requirements. The proceeds from this offering, along with cash flows from operations and existing and anticipated financing arranged by the Company, are expected to meet the Company's capital requirements for its planned operations through 1994. At August 31, 1992, however, the Company was not in compliance with certain covenants under its revolving note agreement with a bank. If cash flows from operations should be less than anticipated, or if financing arrangements are not maintained, the Company may need additional equity capital in the future. There can be no assurance that additional capital from any source will be available when needed by the Company, or that such capital will be available on

terms acceptable to the Company. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidy and Capital Resources."

Possible Obsolescence. The microcomputer industry served by the Company is subject to rapid technological changes. While the use of diskettes has been a relatively stable factor in the microcomputer industry, alternate data storage media exist and are under development, including high capacity hard drives, optical disks, and file servers accessible through computer networks, and may affect the usage of diskettes. A significant change in the usage of diskettes as a storage medium would significantly affect sales of the Company's products. In addition, competitors of the Company may develop alternative technologies for diskette duplication and diskette publication. The Company expends a significant portion of its revenues on research and development and product enhancement efforts. There can be no assurance, however, that the Company's technology, and products based thereon, will not be made obsolete by diskette duplication and diskette publication technologies developed by others. See "Business – Research and Development" and "Business – Competition."

Competition. The Company estimates that one major manufacturer of diskette duplication equipment accounts for approximately fifty percent (50%) of the market that the Company seeks to serve. Many potential customers of the Company have substantial investments in the equipment of such competitor, which is an impediment to sales by the Company to such customers. Such manufacturer has substantially greater financial and other resources than the Company, which may enable it to conduct extensive sales and marketing programs and to

respond more quickly than the Company to changes in the marketplace in which the Company operates. The Company also competes with a number of smaller companies, particularly in the sale of lower volume diskette duplication systems.

* * *

The following table sets forth a comparison of the respective numbers of shares of Common Stock purchased or to be purchased from the Company and total cash consideration paid or to be paid to the Company by the existing holders of the Common Stock and investors purchasing 670,000 shares of Common Stock in this offering.

	Shares Purchased		Total Consideration		Price Per
	Number	Percent	Amounts	Percent	Share
Existing stockholders	630,000	48.5%	$ 776,049	18.8%	$1.23
New investors	670,000	51.5	3,350,000	81.2	$5.00
Total	1,300,000	100.0%	$4,126,049	100.0%	

USE OF PROCEEDS

The net proceeds to the Company from this offering, after deduction of selling and offering expenses, are estimated to be $2,774,500 ($3,209,500 if the Underwriter's overallotment option is exercised in full). Approximately $1,500,000 of the net proceeds will be used to pay down to zero borrowings under the Company's revolving note agreement with a bank, and approximately $635,000 will be used to repay a portion of the Company's indebtedness to its principal stockholders. The remaining proceeds will be used to purchase $130,000 of electronic test-equipment, to finance inventory and accounts receivable related to the Company's expanded operations and to provide working capital for general corporate purposes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources." Pending such utilization, the Company will invest the proceeds in short-term, interest-bearing investments. If the Company determines that use of the proceeds of this offering in the manner described above is impractical or inadvisable, the Company may apply the proceeds of this offering in such a manner as it deems appropriate under then existing circumstances.

Borrowings under the Company's revolving note agreement with a bank bear interest at the bank's reference rate plus one percent, are secured by substantially all of the assets of the Company, are guaranteed by Ronald R. Fletcher and Richard F. McNamara, the Company's principal stockholders, and are due on demand. The resolving note agreement was established in August 1992 to replace working capital notes from the Company's principal stockholders and expires on May 31, 1993. The stockholder indebtedness to be repaid bears interest at the

reference rate of the same bank plus one percent, is secured by substantially all of the assets of the Company and is due on demand. The stockholder indebtedness was incurred during the period from October 1990 to the present, for working capital purposes.

DIVIDEND POLICY

The Company has never paid or declared any cash dividends on its Common Stock and does not intend to pay dividends on its Common Stock in the foreseeable future. The Company presently expects to retain its earnings to finance the development and expansion of its business. The payment by the Company of dividends, if any on its Common Stock in the future is subject to the discretion of the Board of Directors and will depend on the Company's earnings, financial condition, capital requirements and other relevant factors. See "Description of Capital Stock."

* * *

The Company's expenditures for research and development were $916,000 in 1990, $1,054,000 in 1991 and $889,000 in the first eight months of 1992, or approximately fourteen percent (14%), eleven percent (11%) and twelve percent (12%) of sales, respectively. Because the majority of development costs have already been incurred for the major product releases of 1992 and 1993, the Company does not anticipate significant increases in research and development expenditures. The bulk of future research and development expenditures will be directed toward upgrading and refining these releases in the remainder of 1992 and the first half of 1993. There can be no assurance, however, that the Company's technology and products based thereon will not be made obsolete by

diskette duplication and diskette publication technologies developed by others.

Patents

The Company is the owner of two patents, which expire in 2007 and 2008, and has several patents pending. In addition, the Company licenses seven patents from Information Exchange Systems, Inc., one of which relates to products currently manufactured and sold by the Company. Management also feels there is propriety value in the interface capabilities and operations of its larger systems. While the Company seeks to protect its products through patents, registration of trademarks and tradenames, and copyrights, it generally does not rely on such proprietary protection to maintain its position in the marketplace. The Company believes its principal competitive advantages in the market are the technical capabilities of its products and the Company's responsiveness to the needs of customers and potential customers.

Government Regulation

Most of the Company's equipment is required to meet certain FCC standards. The FCC requires that certain pieces of computer equipment are certified not to generate radio frequency emissions which could affect nearby equipment. The Company has the necessary certification.

Property

The Company is headquartered in a leased facility of 29,500 square feet at 7725 Washington Avenue South, Minneapolis, Minnesota 55439. The building is owned by a

corporation owned by Messrs. Fletcher, McNamara and McCaffrey and one other person. In August 1992, the Company entered into a fifteen year capital lease for the facility. The Company's capital lease obligation under the lease is $1,122,000. Base rent is in the range from $4.96 to $6.90 per square foot per year during the term of the lease, excluding a five percent management fee based on base rent. In addition, the Company pays taxes and common area charges, which are $1.23 per square foot per year in 1992. See "Certain Transactions" and Note 11 of Notes to Combined Financial Statements. The Company believes the facility provides sufficient space to support the Company's anticipated requirements for the foreseeable future.

The Company owns manufacturing and engineering equipment, located at its facility in Minneapolis, used in its assembly operations and research and development efforts. Such equipment is available from a variety of sources, and the Company believes that it currently owns or can readily acquire equipment required for its current and anticipated levels of operations.

The Company also has five U.S. sales offices, a sales office in London, England, a sales office near Frankfurt, Germany and four U.S. service offices. None of these facilities are owned by the company.

Employers

At August 31, 1992, the Company had approximately 71 full-time employees, of whom 16 were involved in research and development, 32 in manufacturing assembly, testing and customer service, and 23 in sales, administration and management. None of the Company's employees is represented by a labor union or is covered by a collective

bargaining agreement. The Company has not experienced any work stoppages and believes its employee relations to be good.

* * *

price of $2.50 per share. The options will become fully vested eight years from the date of grant, and may become vested earlier if certain performance objectives to be established from time to time by the Committee are met. Such options will expire, to the extent not exercised, ten years from the date of grant.

CERTAIN TRANSACTIONS

In September 1992, Ronald R. Fletcher and Richard F. McNamara contributed common stock of Media Systems Technology, Inc. ("MST") to Rimáge as a contribution to capital, whereupon MST became a majority-owned subsidiary of Rimáge. No additional shares of Common Stock of Rimáge were issued in connection with the transaction. The MST common stock contributed by Messrs. Fletcher and McNamara represents approximately 86.8% of the outstanding shares of MST common stock. The remaining shares of MST common stock are owned by approximately 115 other stockholders, none of whom owns more than 2.5% of the MST common stock. Rimáge may seek to acquire additional shares of MST common stock from such other stockholders. If Rimáge should become the owner of more than 90% of the MST common stock, it may cause MST to be merged into Rimáge, and pay cash to the other stockholders then remaining. Since its acquisition by Messrs. Fletcher and McNamara in 1988, MST has provided certain intercompany repair and maintenance services to Rimáge, and has been operated in conjunction

with Rimáge. The financial statements appearing elsewhere in this Prospectus are the combined financial statements of Rimáge and MST.

In May 1992, Mr. McNamara contributed $200,000 of additional paid-in capital to the Company by converting an outstanding loan to equity. No additional shares of Common Stock were issued in connection with such contribution to capital.

Mr. Fletcher and Mr. McNamara have made loans to the Company from time to time. The aggregate principal balance of such loans was $1,558,000 at September 1, 1992. Approximately $635,000 of the net proceeds from this offering will be used to repay a portion of such loans. The loans to be repaid represent funding obtained by Messrs. Fletcher and McNamara from First Bank, National Association ("First Bank"), for the benefit of the Company. The Company has guaranteed repayment of such loans, and has granted to First Bank a security interest in substantially all the assets of the Company to secure its guaranty. The remaining loans from Messrs. Fletcher and McNamara, in the principal amount of $923,000, bear interest at an annual rate of one percent above the prime rate of First Bank, are payable on demand, and are secured by substantially all of the assets of the Company. Repayment of the loans to Messrs. Fletcher and McNamara and the security interest of Messrs. Fletcher and McNamara in the Company's assets are subordinated to the Company's obligations to and the security interest of First Bank in the loan arrangements described above and the Company's revolving line of credit with First Bank.

The Company leases approximately 29,500 square feet of office, manufacturing and warehouse space from a corporation owned by Messrs. Fletcher, McNamara and McCaffrey and one other person pursuant to a lease dated July 28, 1992. The lease expires on July 31, 2007. Rent is approximately $183,000 per year, including a pro rata share of operating costs. See Note 11 of Notes to Combined Financial Statements.

The Company from time to time sells equipment leases to RFI, Inc., a finance company owned by Messrs. Fletcher and McNamara. During the fiscal years ended December 31, 1990 and 1991, and the eight-month period ended August 31, 1992, the aggregate amounts of such sales were $113,000, $155,000 and $97,000, respectively.

The Company from time to time sells equipment to Dunhill Software Services, Inc., a diskette duplication service bureau owned by Messrs. Fletcher and McNamara. During the fiscal years ended December 31, 1990 and 1991, and the eight-month period ended August 31, 1992, the aggregate amounts of such sales were $183,000, $500,000 and $369,000 respectively.

* * *

THE RIMÁGE GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

(Information relating to periods after December 31, 1991 is unaudited)

(5) Discounted Lease Rentals

The Group receives proceeds from the sale of leases to third parties and to RFI, Inc., a related party whereby the Group has guaranteed the payment of rentals due under the lease agreements. The proceeds from the sales, net of rental payments received by the purchasers, are recorded as discounted lease rentals in the accompanying combined balance sheets. There are no estimated residual values on any of the Group's sales-type leases.

Discounted lease rentals consist of the following:

	December 31	
	1990	1991
Leases sold to third parties with lease payments guaranteed by the Group	$129,789	$ 72,358
Leases sold to RFI, Inc.	198,010	258,237
	327,799	330,595
Less amounts representing interest	70,584	69,170
	257,215	261,425
Less current installments	84,301	111,889
	$172,914	$149,536

Future minimum lease payments and interest expense, on leases that have been discounted as of December 31, 1991, are as follows:

Year ending December 31,	Rentals to be received by Third Parties	Rentals to be received by RFI, Inc.	Amount representing interest	Discounted lease rentals
1992	$32,739	$126,756	$47,606	$111,889
1993	30,756	117,810	20,354	128,212
1994	8,863	13,671	1,210	21,324
	$72,358	$258,237	$69,170	$261,425

Interest expenses on discounted lease rentals was $31,662 and $59,746 in 1990 and 1991, respectively.

(6) Notes Payable to Related Parties

The Group has note payable agreements with two stockholders totalling $3,373,926, $2,706,264 and $1,557,783 at December 31, 1990 and 1991, and August 31, 1992, respectively. The notes are secured by substantially all assets of the Group and bear interest at 1% above the prime rate. All notes are due on Demand. The accompanying combined financial statements include $265,145 and $270,312, respectively, for the years ended December 31, 1990 and 1991, and $189,679 and $119,341, respectively, for the eight-month periods ended August 31, 1991 and 1992, of interest expense related to these notes. The stockholders forgave $98,600 in accrued interest in 1990 which is reflected as a contribution to capital in the combined financial statements.

The Group had a revolving line of credit and a discretionary line of credit with RFI, Inc., a related party. The revolving line bore interest at the prime rate plus 3%. The discretionary line bore interest at 18%. The accompanying combined financial statements include $112,307 and $64,778, respectively, for the years ended December 31, 1990 and 1991, and $39,328 and $37,508, respectively, for the eight-

* * *

THE RIMÁGE GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

(Information relating to periods after December 31, 1991 is unaudited)

(9) Income Taxes (Continued)

The following is a reconciliation of the proforma income tax expense (computed by applying the federal income tax rate to earnings before income taxes) for the year ended December 31, 1991 to actual expense from income and expense entering into the determination of financial statement taxable income but not federal or state taxable income:

	Proforma year ended December 31, 1991
Expected income tax	$ 403,000
State taxes, net of federal benefits	36,000
Research and development tax credit	(48,000)
Utilization of net operating loss carryforwards	(103,000)
Performa income tax expense	$ 288,000

(10) Stockholders' Equity

Common Stock

Common Stock consists of the following:

	December 31		August 31
	1990	1991	1993
Rimáge Corporation (formerly IXI, Inc.) common stock; $.01 par value. Authorized 10,000,000 shares; issued and outstanding 570,000 shares	$ 5,700	$ 5,700	$ 5,700
Rimáge Corporation common stock; $1.00 par value. Authorized 3,000,000 shares; issued and outstanding 20,000 shares at December 31, 1990	20,000	–	–
Media Systems Technology, Inc. common stock; $.10 par value. Authorized 3,000,000 shares; issued and outstanding 1,040,113 shares of which 137,293 shares are held by minority shareholders	104,011	104,011	104,011
	$129,711	$109,711	$109,711

During 1991, Rimáge Corporation (the Company) was dissolved and the $20,000 in common stock, which also represents the net assets of the Company, were contributed to IXI, Inc. IXI, Inc. subsequently changed its name to Rimáge Corporation.

On September 23, 1992 the majority stockholders of Media Systems Technology, Inc. transferred their common stock to Rimáge Corporation as a contribution to capital.

* * *

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OPPENHEIMER WOLFF & DONNELLY

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Brussels
Chicago
Minneapolis
New York
Paris
Saint Paul
Washington, D.C.

February 6, 1996

VIA EXPRESS MAIL

Mr. Ronald Johnson
Box 350
Excelsior, MN 55331

Re: January 22, 1996 Letter

Dear Mr. Johnson:

I received your letter dated January 22, 1996, and I have been authorized to make this response.

First Bank is the valid holder of a valid mortgage on the subject property. We addressed this issue in 1990 at which time I delivered to you a letter which enclosed the relevant documentation memorializing the transaction. I enclose a copy of my November 7, 1990 letter with attachments for your convenience.

We are not familiar with the allegations you make about First Bank's participation in your litigation with the City of Shorewood. Indeed, other than note its appearance, First Bank has not participated in any way in the litigation entitled *City of Shorewood v. Ronald R. Johnson et al.*

However, in order to put an end to this matter, First Bank has authorized me to make the following offer to you. First Bank will release the mortgage dated May 6, 1988 in exchange for the enclosed Settlement Agreement executed by you and your wife. This offer will remain open through February 26, 1996.

Should you have any questions or comments, you or your attorney should contact me. After you review the documents from the 1988 transaction, should you pursue the course suggested in your January 22 letter, please be advised that First Bank will have no choice but to move for recovery of all fees and expenses that you cause it to incur.

Sincerely yours,

/s/ Shannon M. O'Toole
Shannon M. O'Toole

Enclosures

GREGORY J. SCHAEFER
612/336-3315

February 23, 1996

Mr. Ronald Johnson
President
Information Exchange Systems, Inc.
Box 350
Excelsior, MN 55331

Dear Ron:

We are pleased that you have decided to retain us to represent you and Information Exchange Systems, Inc. ("IXI"). The purpose of this letter is to set forth the terms of the engagement.

Pursuant to your request, we will represent you and IXI in analyzing various aspects of the prior litigation involving IXI, IXI Laboratories, Quix Media, you, IXI, Inc., Messrs. Fletcher and McNamara, and First Bank for purposes of advising you as to potential claims IXI may be able to assert against First Bank arising out of the prior assignment and foreclosure of First Bank's security interest in certain assets of IXI Laboratories. Our work is likely to include review of opinions, other documents, pleadings and correspondence in the various prior actions, participation in meetings, legal research, and pursuit of any other actions as may be necessary or appropriate to advise you as to whether we believe IXI might assert claims against First Bank.

Our fees for this matter will be based principally on the experience and expertise of the people who are providing services to you, and the amount of time spent on the matter. As we have discussed, we estimate that the cost of conducting our initial analysis and evaluation

and providing you with our preliminary recommendations as to whether and how IXI might proceed will be approximately $5,000.

If we are approaching that figure, and believe there are still additional steps appropriate to our initial investigation and analysis, we will discuss with you those additional steps, and an estimate of the cost, before proceeding. For your general information, our current hourly rates range from approximately $110 to $300 per hour. My current rate is $200 and Sid Spaeth's current rate is $145. Our hourly rates are reviewed and revised from time to time. We will normally provide statements to you on a monthly basis. Each statement will include a description of the services performed by us and a description of any costs and expenditures incurred by us on your behalf for which we expect reimbursement. We will try to maintain a continuing awareness of the issue of cost effectiveness, and you should feel free to contact me if you have questions about any of our statements. We will try to assign tasks to appropriate level persons at our firm so you will receive the most cost effective service.

As we discussed, Ron, in order to start work on this matter, we request that you provide us with a $5000 retainer. We will deposit that retainer in our trust account. If you decide not to proceed any further on the basis of our preliminary investigation, we will apply that retainer against the time and disbursements during the initial phase of this project, and send a statement for any remaining balance. If, on the other hand, you decide to proceed further, we will plan to submit statements to you on a monthly basis, and would anticipate maintaining the retainer in our client trust account until some later date. Our statements are due upon receipt.

Of course, Ron, if you have any questions, please feel free to call me or Sid Spaeth. We appreciate your providing us the opportunity to assist you in this matter, and look forward to working with you.

Very truly yours,

Gregory J. Schaefer

GJS:casl

cc: Sidney J. Spaeth, Esq.

MEMORANDUM

TO: File **DATE:** March 11, 1996

FROM: Sid Spaeth

CC: Gregory J. Schaefer

RE: Ronald Johnson: Rule 60(b) requirements

Rule 60(b) of Federal Rules of Civil Procedure provides that a final judgment may be attacked by motion for, *inter alia*, (2) newly discovered evidence or (3) fraud. Both of these weapons for proceeding by motion require that the motion be filed within one year after the judgment was entered.

Rule 60(b) also provides that a final judgment may be attacked by an "independent action to relieve a party from a judgment, order, or proceeding, or to grant relief to a defendant not actually personally notified . . . or to set aside a judgment for fraud upon the court." Fed. R. Civ. P. 60.

Because Ron Johnson is time barred from proceeding by motion, any attack on the final judgment entered against Mr. Johnson would need to be by independent action.

Rule 60 provides three avenues for attacking a judgment based on allegations of fraud: (1) by motion via Rule 60(b)(3); (2) by independent action; or (3) by independent action for fraud upon the court. The interplay between these three options will determine the likelihood of success in attacking a judgment for fraud in this case.

* * *

or the withholding of information is insufficient to maintain an independent action based upon fraud. Only in cases where an attorney – or other officer of the court – is implicated in the wrongdoing, may an independent action based on fraud upon the court be maintained. *Setter v. A.H. Robins Co.*, Civ. No. 3-80-241 slip op. at 2 (D. Minn. 1985) (Murphy, J.), *Reintjes*, 71 F.3d at 48; *Broyhill*, 12 F.3d at 1085; In *re Intermagnetics America, Inc.*, 926 F.2d 912, 916 (9th Cir. 1991); *Wilson*, 873 F.2d at 872; *Gleason*, 860 F.2d at 559-60; *Cleveland Demolition Co., Inc. v. Azcon Scrap Corp.*, 827 F.2d 984, 986 (4th Cir. 1987).

CONCLUSION

While the majority position clearly would require Mr. Johnson to prove that FirstBank's lawyers were implicated in a fraud upon the court in order to grant him relief from judgment in an independent action, a supportable argument can be made under *Averbach* and *Griffin* that Mr. Johnson need not establish "fraud upon the court" in order to pursue an independent action. Moreover, if a decision is made to pursue an independent action, additional research will be needed to determine whether we must seek leave from the Eighth Circuit to file an independent action in the district court.

FAEGRE & BENSON
PROFESSIONAL LIMITED LIABILITY PARTNERSHIP

2200 NORWEST CENTER, 90 SOUTH SEVENTH STREET
MINNEAPOLIS, MINNESOTA 55402-3901
TELEPHONE 612-336-3000
FACSIMILE 612-336-3026

April 23, 1996

Ronald Johnson
P.O. Box 350
Excelsior, MN 55331

Re: *Shorewood Condemnation*

Dear Ron:

I enclose our bill for services rendered for the period March 1, 1996 through March 31, 1996, in connection with the Shorewood condemnation.

If you have any questions about the bill or about our progress on this matter, please feel free to call me.

Very truly yours,

/s/ Mark D. Savin
Mark D. Savin

MDS/jrp
Enclosure

FAEGRE & BENSON
PROFESSIONAL LIMITED LIABILITY PARTNERSHIP

2200 NORWEST CENTER, 90 SOUTH SEVENTH STREET
MINNEAPOLIS, MINNESOTA 55402-3901
TELEPHONE 612-336-3000
FACSIMILE 612-336-3026 Sidney Spaeth
612/336-3474

June 11, 1996

Mr. Ron Johnson
P.O. Box 350
Excelsior, MN 55331

Dear Ron:

I have received your letter of June 8, 1996. I forwarded Greg Schaefer's notes to you for the purpose of helping to focus the review of the case by your new counsel. As I mentioned to you, because of the conflict that has arisen with our firm, we are unable to provide further legal analysis on your behalf. Therefore, I am returning to you your responses to Greg Schaefer's notes in the expectation that they will be of use to your new counsel.

I have made several inquiries around our firm concerning potential referrals. Each of the recommendations that I have received I have already passed along to you. I hope they are of assistance to you. Good luck in your efforts.

Very truly yours,

/s/ Sidney J. Spaeth
Sidney J. Spaeth

SJS
Enclosure

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Ronald R. Johnson, individually and DBA Information Exchange Systems, successor in interest to Information Exchange Systems, Inc., Plaintiff, vs. U.S. Bank N.A. f/k/a First Bank N.A.; Oppenheimer Wolff & Donnelly, LLP; and Faegre & Benson LLP, Defendants.	**Civil No. 02-CV-811 (JRT/FLN)** **AFFIDAVIT OF JAMES P. STEPHENSON**

JAMES P. STEPHENSON, being duly sworn, deposes and says:

1. I am an attorney licensed to practice law in the State of Minnesota, and I am and have at all relevant times been a partner in the law firm of Faegre & Benson LLP. My practice focuses on the representation of financial institutions in transactional matters. I submit this Affidavit in support of the Reply Memorandum of Law in Support of Defendant Faegre & Benson LLP's Motion for Judgment on the Pleadings or for Summary Judgment.

2. In the Spring and early Summer of 1996, I was engaged with representatives of First Bank, N.A., now known as U.S. Bank, in discussions of the possibility that First Bank might retain Faegre & Benson in matters relating to banking transactions. I advised at least some lawyers at Faegre & Benson of my efforts in this regard.

These discussions took place over the course of several months before they came to fruition.

3. It appears from our Firm records that the first actual file that we opened for First Bank as a result of these discussions was initially sent to us in late July of 1996 and was actually opened as a file at our Firm on July 30, 1996. It involved our representation of First Bank in connection with a loan for the purchase of a company in France. We have no record of any files opened for First Bank, N.A. between February 23, 1996 and July 30, 1996.

THIS CONCLUDES MY AFFIDAVIT.

/s/ James P. Stephenson
James P. Stephenson

Subscribed and sworn before me this
20th day of September, 2002.

Sandee Hanscom
Notary Public

SANDEE S. HANSCOM
Notary Public
Minnesota
My Commission Expires Jan. 31, 2005

LAWYERS PROFESSIONAL RESPONSIBILITY BOARD
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[Names Omitted In Printing]

July 15, 1998

Mr. Ron Johnson
P.O. Box 350
Excelsior, MN 55331

Mr. Sidney James Spaeth
c/o Robert L. Schnell, Jr.
2200 Norwest Center
90 South Seventh Street
Minneapolis, MN 55402-3901

Mr. Edward J. Cleary, Director
Office of Lawyers Professional Responsibility
Minnesota Judicial Center
25 Constitution Avenue, Suite 105
St. Paul, MN 55155-1500

Re: Appeal of Director's Disposition in Complaint of Ron Johnson against Sidney James Spaeth

Dear Mr. Johnson, Mr. Spaeth and Mr. Cleary:

The appeal identified above was referred to me for review pursuant to the Rules on Lawyers Professional Responsibility. I have reviewed the file, including the complaint, the answer, the district ethics committee report, the director's determination, complainant's letter

seeking review, and other correspondence and documents. Based on that review, I hereby approve the disposition made by the director.

The complaint concerns the conduct of Mr. Spaeth and other lawyers associated with the Faegre and Benson law firm, who were engaged by Mr. Johnson and his company to evaluate potential claims against First Bank, and who terminated representation before completing the assignment when they concluded that the firm had a conflict of interest. Mr. Johnson complained that the firm "dumped" him as a client in order to represent First Bank, because the Bank offered more lucrative business; and that the firm concealed or altered internal records that would have supported his contentions.

The District Committee investigated the complaint and considered possible violations of Rules 1.4 (communication), 1.7 (conflict of interest), and 1.16 (terminating representation). It found no ethical violation and recommended a determination that discipline is not warranted. The Committee's initial conclusions were that First Bank was an existing client of Faegre and Benson when the firm undertook to represent Mr. Johnson, that the engagement was limited to advising Mr. Johnson of potential claims, that such a limited engagement created no conflict, that a conflict arose only when Mr. Johnson wanted to pursue litigation against First Bank, and that the existence of such a conflict gave the firm good cause for withdrawal. The Director initially rejected the Committee's conclusions and recommendation. The Director noted that Faegre and Benson records indicated First Bank was a client of the firm when it undertook to advise Mr. Johnson on potential claims against First Bank; and concluded that failure to disclose such a conflict and obtain consent to the common

representation would violate Rule 1.7. However, after further investigation, the Director found that First Bank was not a current client of Faegre and Benson when it undertook to represent Mr. Johnson, so there was no conflict in the representation. The Director concluded that the withdrawal by Faegre and Benson was permissible because of the limited scope of the representation.

Under the Rules, a reviewing board member may affirm the director's disposition, direct further investigation, or direct submission to a panel for public discipline. I am satisfied that the complaint has been sufficiently investigated, and that neither further investigation nor public discipline is warranted. Accordingly, I approve the director's disposition. I do so despite the following concerns.

First, while Mr. Johnson dealt with three Faegre and Benson lawyers, none accepted personal responsibility for the actions of the firm. One, who was the responsible partner on the matter, said he left the firm before it withdrew from representation. Another said his work for Mr. Johnson was unrelated to the First Bank matter. The third, who worked on the First Bank matter and informed Mr. Johnson of the firm's withdrawal, claimed no involvement in the decision. Whether the actions were ethical or not, I believe they are the responsibility of the lawyers who undertook to represent Mr. Johnson, and should not be attributed to the firm or to unnamed members of the firm.

Second, the responses to the complaint beg the question of how a conflict of interest, which did not exist when the representation of Mr. Johnson was undertaken, arose before the assignment was completed. The firm's new

client and conflict forms identified Mr. Johnson as a client and First Bank as an adverse party. Presumably a similar conflict check preceding an engagement for First Bank would have disclosed the representation of Mr. Johnson. Whether the conflict arose from an engagement of the firm by First Bank, or from some other unanticipated occurence, was not explained to Mr. Johnson nor to the committee or the Director.

Third, Mr. Johnson took pains to state his complaint, furnish supporting information and documents, and make himself available to the Committee. The Committee invited Mr. Johnson to attend its meeting to help resolve material issues of fact, then ignored him after hearing from the respondent lawyers and their counsel, leaving Mr. Johnson with the impression that the process was "corrupted." Because his position is adequately stated and documented, I do not believe his appearance would have altered the final disposition, but he was unfortunately left with a negative impression of the process.

Very truly yours,

/s/ Kent A. Gernander
Kent A. Gernander

KAG/pjw

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Ronald R. Johnson, individually and DBA Information Exchange Systems, Successor in interest to Information Exchange Systems, Inc., Plaintiff, v. U.S. Bank N.A. f/k/a First Bank NA; Oppenheimer Wolff & Donnelly, LLP and Faegre & Benson LLP, Defendant.	**Civil File No. 02-CV-811 JRT/FLN** **MEMORANDUM IN SUPPORT OF DEFENDANT U.S. BANK N.A.'S MOTION TO DISMISS, OR IN THE ALTERNATIVE, FOR SUMMARY JUDGMENT**

This action marks the tenth time plaintiff or an entity plaintiff owned or controlled has sued U.S. Bank National Association ("Bank") in an effort to recover for alleged wrongdoing that occurred in 1987. The previous nine cases were commenced and concluded between 1989 and 1994. Summary judgment in Bank's favor was entered in all but one of these cases; the ninth case was dismissed for lack of proper service. All of the summary judgments were affirmed on appeal.

Plaintiff now returns to this Court, where he first sued Bank in 1991, hoping that these decade-old claims can be revived by recasting them in vague terms as different causes of action, by seeking declaratory judgments, by claiming that the earlier judicial proceedings were somehow corrupt, and by naming additional defendants. Plaintiff's claims have long been barred by the doctrines of *res*

judicata and collateral estoppel, and by the applicable statutes of limitations. Bank's motion to dismiss or for summary judgment must be granted.

* * *

and chairman of the corporate plaintiffs in the earlier actions, plaintiff clearly participated in the prosecution of those claims. Collateral estoppel prevents him from having another opportunity. Bank's motion must be granted on Counts II, III, IV, V, VI, VII, VIII, IX, XIV and XVII on the grounds of collateral estoppel.

IV. Plaintiff's Claims Are Barred By The Statutes Of Limitations.

Plaintiff's claims all arise from events that began over fifteen years ago, in February 1987. *See Case 91-902* at 481 [Hansen Aff. Ex. B]. Giving the Amended Complaint as broad a reading as possible, and presuming that Plaintiff's claims labeled "fraud on the court" and "corruption of judicial processes" are cognizable claims, the last possible date such "wrongdoing" could have occurred with respect to this Court was when the Eighth Circuit denied plaintiff's motion for a rehearing of *Case 91-902* – August 5, 1993, almost eight years ago. *See id.* at 478 [Hansen Aff. Ex. B]. With respect to Plaintiff's state court claims, the last possible date alleged fraud and corruption might have occurred was when Bank submitted its Informational Statement Form in the *Case CD 2344* on January 5, 1995, over seven years ago. *See* Affidavit of Gillian Brennan,

Exh. A.. Given these facts, all of plaintiff's claims are time-barred.[3]

A. Action on plaintiff's debt. (Amended Complaint, Count II.)

The six-year statute of limitations in Minn. Stat. § 541.05 subd. 1(1) (2000) applies to actions on instruments for the payment of money, such as the Note involved in this case and all of plaintiff's previous suits. Clearly six years have passed since the making of this Note and the dispute over Bank's sale of this Note, making this claim time-barred.

B. Conversion. (Amended Complaint, Counts III, IV, and V.)

The statute of limitation for conversion claims is six years. Minn. Stat. § 541.05 subd. 1(4) (2000). Plaintiff's claims accrued when the conversion allegedly occurred – in this case in February 1987, over fifteen years ago. *See Collins v. Environmental Systems Co.*, 3 F.3d 238 (8th Cir. 1993). These claims are also obviously time-barred.

C. Trademark Infringement. (Amended Complaint, Counts V, VI and VII.)

There is no statute of limitations for federal trademark infringement; rather, defendant must prove that the

[3] That Plaintiff is cognizant of statutes of limitations is clear from his hasty effort to serve one last summons and complaint on the sixth anniversary of the Note sale.

doctrine of laches should apply to bar the claim. 5 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, ¶ 31:23 (West 2002). Here, the basis for Plaintiff's claim is the transfer – in February 1987, over fifteen years ago – of the trademark rights that were part of the collateral for the Note. Plaintiff initially asserted these claims in this Court over eleven years ago. To the extent Plaintiff has any claims to assert at this time, they are surely barred by laches. *See, e.g., San Francisco Ass'n for the Blind v. Industrial Aid for Blind, Inc.*, 152 F.2d 532 (8th Cir. 1946) (Laches applies to damage claim after eight year delay); *Layton Pure Food Co. v. Church & Dwight Co.*, 182 F. 35 (8th Cir. 1910) (Laches applies after nine year delay); *Golden West Brewing Co. v. Milonas & Sons, Inc.*, 104 F.2d 880 (9th Cir. 1939) (Laches applies to damage claim after three year delay); *Columbia University v. Columbia/HCA Healthcare Corp.*, 964 F.Supp. 733 (S.D.N.Y. 1997) (Laches applies after 3½ year delay).

* * *

those claims were adjudicated. Plaintiff still apparently believes that he is somehow entitled to some redress from Bank as a result of the 1987 Note sale and foreclosure, despite the multiple findings of this Court, the U.S. Court of Appeals, and Minnesota state trial and appellate courts. What Plaintiff is attempting to accomplish by bringing this action is what statutes of limitations and the doctrines of laches, *res judicata* and collateral estoppel are meant to thwart. Those statutes and doctrines should be applied in this case. Bank's motion for summary judgment

should be granted, and Plaintiff's Amended Complaint should be dismissed with prejudice.

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